

صباح الخير

## Downsizing the Treasury

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## The complete TV and entertainment guide

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# THE INDEPENDENT

3,007

FRIDAY 7 JUNE 1996

WEATHER Hot and humid, some showers 40m 45p

■ Mortgage rates lowest since 1971 ■ Retail sales rise for eighth month ■ House prices on the increase ■ Tories tempted by snap election ■ It was the hottest day of the year ■ Indians routed by England

## Summertime. And the living is easy

DIANE COYLE  
Economics Editor

Chancellor Kenneth Clarke yesterday reduced the cost of borrowing to its lowest for nearly 25 years, bringing millions of homeowners an unexpected bonus. A surprise quarter-point reduction lowered base rates to 5.75 per cent.

Many of Britain's mortgage lenders followed suit, led by the two biggest, Halifax and Abbey National. The fall in mortgage rates, at their lowest for three decades, will save an average borrower £7 to £10 a month.

Conservative backbenchers, encouraged by improving economic news, speculated that John Major was leaving open the option of calling a snap autumn election on tax cuts and anti-European feeling following the beef crisis.

The volume of retail sales grew for the eighth month running in May, although more slowly than in April.

Retailers' optimism about future sales returned to its highest level since 1988, according to a CBI survey.

Separate figures showed that new-car registrations last month were 8.5 per cent more than a year earlier.

Black Horse Estate Agencies, owned by Lloyds Bank, reported a sudden shortage of properties as thousands of buyers returned to the housing market. Nearly half said they did not have enough family houses on their books.

Other surveys revealed increased optimism among small companies for the second successive quarter and a sharp year-on-year decrease in companies entering receivership.

Yesterday's move by the Chancellor, following cuts in interest rates and taxes, will help ensure that growth continues to pick up.

Mike Blackburn, the Halifax's chief executive, said: "This latest cut represents a further shot in the arm for the housing market."



Hot beef: A farmer hoses down his prize bull at the South of England Show, West Sussex, yesterday as temperatures soared into the eighties

Photograph: Brian Harris

Base rates have now fallen four times, in quarter-point steps, over the past seven months.

The latest fall is one of several spurts to move consumer spending, including electricity rebates, maturing losses, tax cuts and earlier mortgage reductions. New price controls announced by the regulator, Ofgas, will take £8 a year off the average gas bill.

A new batch of surveys yesterday brought further evidence

that the economy is gathering steam.

Mr Clarke termed his move "sensible", dismissing suggestions that it had been politically driven. "I don't take monetary decisions to affect the timing of an election," he said.

But disbelievers abounded. A Liberal Democrat spokesman, Malcolm Bruce, said: "The Government's inflation target has now been replaced by a re-election target."

Many City of London com-

mentators were equally sceptical. "Every chancellor in the past 25 years has reduced base rates in the run-up to an election. At least Mr Clarke is not alone in letting politics cloud his economic judgement," said Alex Garrard, at UBS investment bank.

Most commentators were convinced that Eddie George, Governor of the Bank of England, had opposed the cut. In one sign of disagreement, his monthly meeting with the

Chancellor on Wednesday lasted an hour and a half, nearly twice as long as usual.

Only last month the Bank predicted that Mr Clarke was slightly more likely than not to miss his inflation target two years hence - the deadline inflation policy was intended to aim for - if base rates were not increased.

Roger Bootle, chief economist at the City bank HSBC Markets, said: "The Bank's latest Inflation Report suggests

they would have opposed the move strongly, although the Governor is enough of a politician not to have gone out on a limb."

Mr Clarke emphasised the absence of any cost pressures behind yesterday's cut, which came the week before his annual Mansion House speech on monetary policy. A significant minority in the City agreed that the stronger pound and low inflation justified lower interest rates.

The Shadow Chancellor, Gordon Brown, focused on the weakness of manufacturing. "The Chancellor has cut rates because growth and business investments are depressed and manufacturing is now technically in recession," he said.

Business leaders have broadly welcomed the move, but some of them were concerned about the possible need for an increase in interest rates later in the year.

Clarke versus George, page 15

MICHAEL STREETER

Yesterday was the kind of summer day that made Britain seem a decent place to call home.

It was the hottest day of the year, with temperatures nudging 30C (86F). Indeed, London put the likes of Bermuda, Rio de Janeiro, Los Angeles and the Bahamas firmly in the shade. On the pitch at Edgbaston, England's cricketers bowled India out in a display which could only be described as lively - not the sort of adjective usually applied. Meanwhile, Terry Venables and the England football team were at last able to focus on preparations for Euro '96, rather than in-flight entertainment - and Kenneth Clarke cut interest rates.

Politicians pray for such conditions. And it is for more of the same that Conservative strategists will be hoping as they plot the date of the general election. In fact, before making a decision, the suits at Central Office could do worse than take a seat in front of the box, and tune into the Euro '96 championships.

For many, Harold Wilson's stunning success in the 1966 election will always be associated with England's World Cup victory. Conversely, in 1970, Wilson received a drubbing at the hands of Ted Heath just days after England squandered a two-goal lead in the Mexico World Cup and lost to West Germany.

Were these events connected? Perhaps. As one senior Government source told the Independent: "If England win Euro '96 then we'd call the election immediately."

A long, fine summer could leave the nation feeling better about itself, water shortages allowing, before an autumn poll. Whatever happens, it is beginning to feel rosier than 1991. Just before the last election, a restaurant in Battersea, south-west London, was trying to entice diners inside with a "recession menu".

## Clarke resists calls for an early poll

COLIN BROWN

Better economic news, beef jingoism and a change in the national mood over the summer are encouraging some Tories to talk about a tax-cutting Budget and a snap election later this year. Tentative plans have been laid for a quick manifesto and a sudden campaign. But with the Government so far behind in the polls, the Cabinet is largely hostile.

Among Kenneth Clarke, as a strong supporter of a late election, will be a relaxed mood when he takes his Treasury team today to discuss the strategy for the Budget. And, with the Bank cutting interest rates and evidence of consumer recovery, he has some reason for self-congratulation.

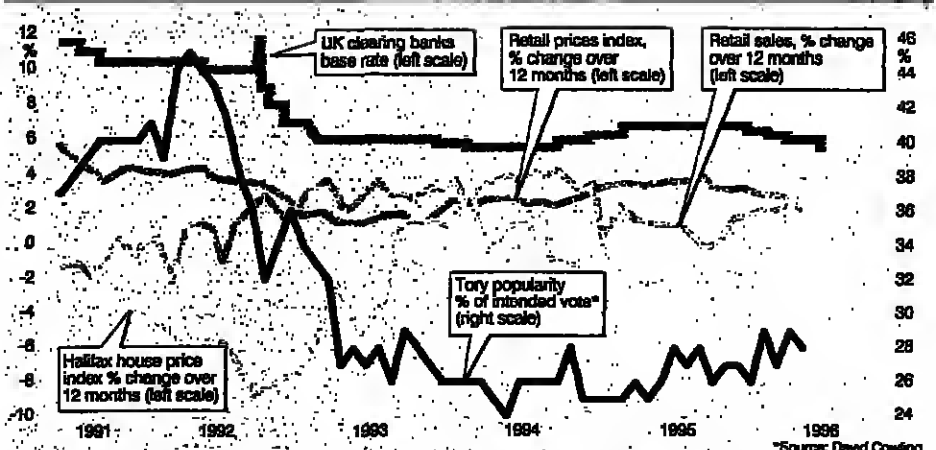
On BBC radio yesterday he said: "What is going to win this election is that we are running a good market economy. Handing this lot on to Gordon Brown would be the silliest mistake the

British public can make." But Tory backbenchers do not share his optimism. While the Chancellor plans for a "steady as she goes" Budget, many are growing increasingly agitated. They believe his red Budget box is their last hope of winning the election, and fear that when he flips it open to a waiting world this autumn, it will be empty.

Their worst fears were compounded by the Treasury's discovery that its forecast for VAT receipts were £6bn off the mark. And last week the OECD reported last week that growth is likely to be about 2 per cent, 1 per cent less than forecast.

This may have been responsible for the Chancellor's decision to snip interest rates by a quarter per cent yesterday. That is feeding through into lower mortgage rates and higher consumer spending. If the recovery continues, the "feelgood factor" may be rediscovered by polling day.

### THE ECONOMY RECOVERS BUT THE TORIES DON'T



But many MPs feel that if Mr Clarke has got nothing to offer voters by way of a pre-election bribe - and his remarks about a "sensible" Budget will reinforce that view - it might be better to scrub the Budget. One

scenario being considered around the Treasury is for him to offer the hint of good times to come and go to the polls with the promise of a giveaway Budget, if the Tories are re-elected. Voters may smell a rat, but, set

against Mr Brown's rather modest alternatives, it might seem a reasonable bet.

Backbenchers also fear the beef crisis has shown John Major's government is accident-prone and may not survive the

winter without other unexpected mishaps to his majority. Better to go early, some say, than forced to go in the cold winter.

But Mr Major is determined to go on until May next year. He has stout backing for the "play it long" policy of Brian Mawhinney, the party chairman, and the Chancellor, and probably the whole Cabinet. But there is a Doomsday scenario being talked about by some of Mr Major's closest friends. They are in fatalistic mood: if they are going to lose anyway, why not go out with a bang by cutting income tax by 3p in the pound?

That would leave Mr Brown to clear up the mess, and every chance that a Blair government with a tiny majority could be out of office in 18 months. The danger, they fear, is that by being prudent, the Chancellor will hand Mr Blair the golden scenario of sustainable growth, with which he could go back to the country.

### QUICKLY

**Majority threatened**  
MP last night threatened to whip out John Major's Commons majority - in protest at the deal that has been struck between the British and Irish governments for Ulster peace talks. Page 2

### Untold riches

Some of the poorest and most disabled people in the country may have died being owed £10,000 or more by the DSS because of the department's failure to identify them. Page 4

### Ecstasy at home

The price of ecstasy has dropped to as little as £5 a tablet, helping create a new breed of habitual drug-takers who shun nightclubs and get high at home instead. Page 3

## US takes on the 'cyber-terrorists'

DAVID USBORNE  
New York  
and CHARLES ARTHUR

So many hackers are using the Internet to try to break into sensitive American military and civil systems that the US government is about to create an expert team to counter "cyber-terrorism".

The move follows revelations that last year there were 250,000 attempted intrusions into the Pentagon's systems via the global computer network - more than double the number detected in 1994. Roughly 160,000 of the attempts are thought to have succeeded, though the US government has put no value on any damage. Specialists testifying before

US hearings on computer security suggested this week that corporations worldwide, especially banks and hospitals, may have lost more than \$800m last year because of so-called "data-diddling" perpetrated by latter-day pirates on the Internet.

The number of computers connected to the Internet has grown explosively in the past two years, increasing at least tenfold. Many of those joining in that time have been companies, especially financial corporations. But simultaneously, the number of "attacks" on such systems has shot up, and often from hackers based abroad who can use the seamless communications links to cover their tracks.

In Britain, a bank was recently targeted by Russian hackers who were allegedly able to break into its internal network and divert funds to an account they had set up abroad. A court case is pending.

The US Attorney-General, Janet Reno, has proposed the creation of a team to investigate assaults on national security via the Internet, and to act as an emergency response unit when they occur. Likely to be unveiled this summer, it would be called the Cyber Security Assurance Group.

The US government's greatest concern, however, is that terrorists or even hostile states could cripple communications networks that are vital to the running of the national infrastructure. Ironically, the Internet was developed to guarantee exactly that sort of infrastructure in the event of an atomic strike by the Soviet Union. Instead, it might now turn out to be the architect of disaster.

Possible targets could be financial networks, including those of the main banks and the Wall Street trading floors, air traffic control computers, the power grids and the systems at the centre of national defence.

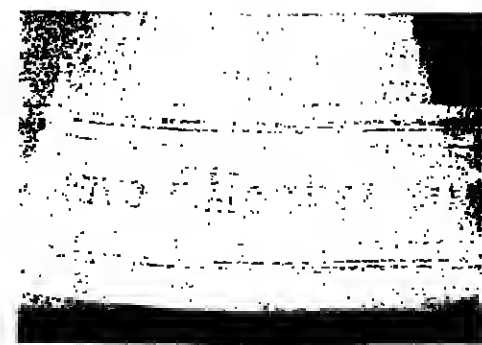
The risk has already been recognised by Congress. Drafts of the 1997 Defense Authorization Bill to fund the US military include a requirement that the White House should report within six months on "the national policy on protecting the national information infrastructure from strategic attack".

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WINNER BY A HEAD



WINNER BY A NECK

THE UARS, Epsom	7 June
THE DERRY, Epsom	8 June
ROYAL ACADEMY SUMMER EXHIBITION	9 June-18 August
WIMBLEDON TENNIS CHAMPIONSHIPS	24 June-7 July
BRIWIS THE ISLAND RACE, Isle of Wight	29 June
VELVEE CLICQUOT GOLD CHAMPION, Cowdray Park	30 June-31 July
HENLEY ROYAL REGATTA	5-7 July
HAMPTON COURT PALACE INTERNATIONAL FLOWER SHOW	9-14 July
1st CURNHILL TEST MATCH v PAKISTAN, Lord's	25-29 July
CLUBBIES GROUPINGS	30 July-3 August

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# Drug-taking: As prices plummet pill-popping has become an everyday activity in the comfort of home

## Ecstasy enters the front room

JASON BENNETTO  
Crime Correspondent

The price of ecstasy has dropped to as little as £5 a tablet which is helping create a new breed of habitual drug takers who have shunned night clubs and get high at home instead.

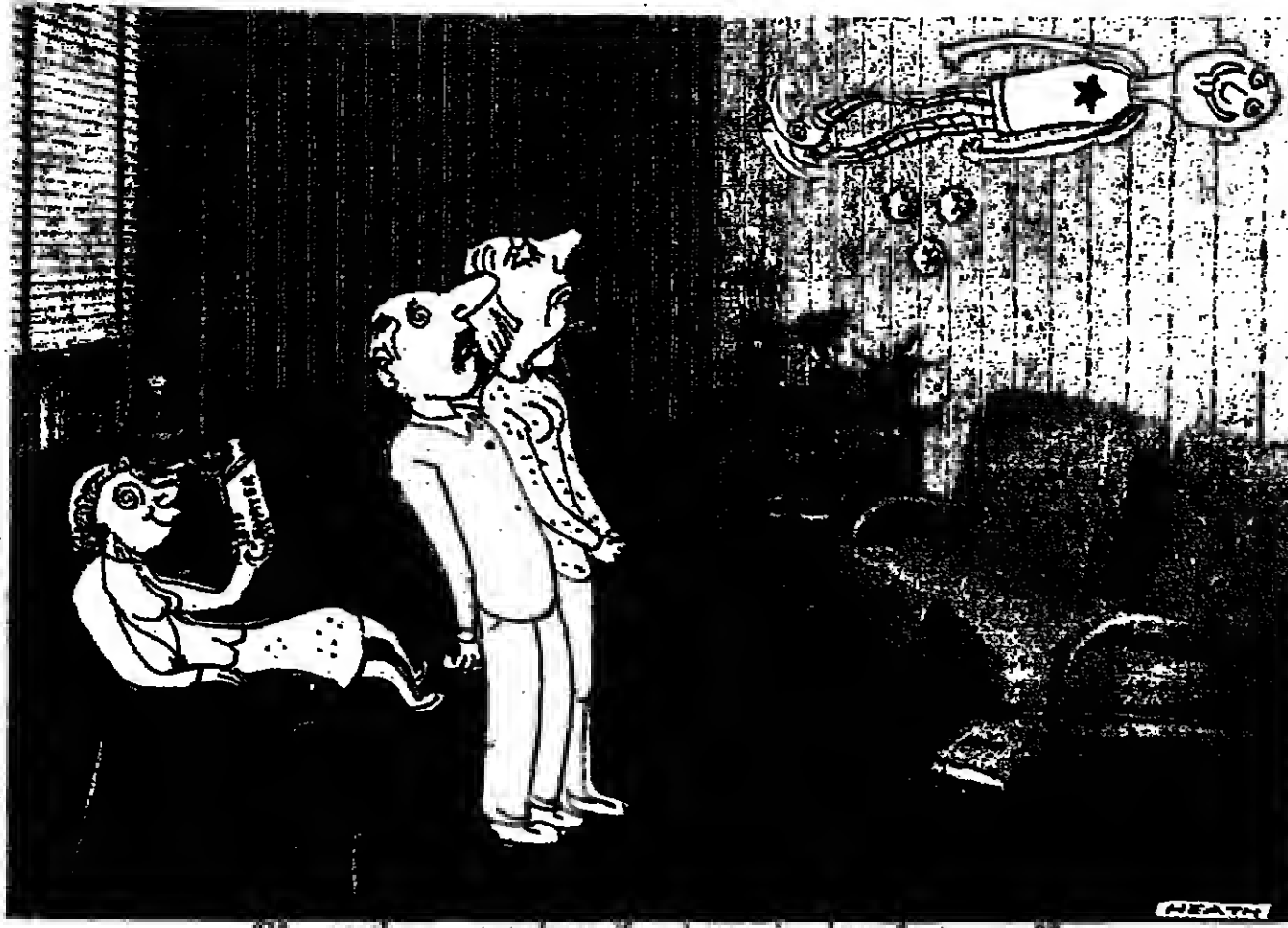
The slump in the cost of the drug has been caused by dealers flooding the market with high quality tablets from Europe, particularly Holland. Drug agencies have noticed that because of the easy availability and low cost of ecstasy an increasing number of people appear to be taking tablets during the week rather than reserving them for dance clubs at the weekend.

Teenagers as young as 13 and 14 who cannot afford or are unable to get into night clubs, are among the new group of "couch potato" home users. Older takers of ecstasy - people in their 30s and 40s - tired of the club scene are also popping pills with friends in their front room.

Ecstasy prices have been dropping ever since it was first introduced into the rave dance scene in Britain in the late 1980s. From an average street price of £20 a tablet in 1991 it has fallen to £15 in 1992/93, £12 in 1994, £10 in 1995, and £8 this year, according to the Manchester based drugs agency Lifeline. When bought in batches of 10 the each tablet can cost as little as £5 each, although usually they cost a few pounds more.

Mike Linnell of Lifeline said: "People are no longer waiting for the weekends, they are taking an E before they settle down to Brookside."

"The ritual of taking them at



"Your mother wants to know if you're coming down for tea, son?"

raves has gone now. People don't see them as anything special anymore.

"If you're paying as little as £5 for a tablet it's far cheaper than alcohol to get out of your mind."

He added: "There's more of it about - there's a big market - and dealers have such an easy time they can afford to drop the prices."

Drug users have reported that there is more pure ecstasy -

MDMA - available now. Previously the tablets were often badly made or were mixed with other drugs and had little or a bad effect on the drug taker.

Recent research by Lifeline

and a music magazine found that it was not unusual for people to be taking 100 to 200 tablets a year, or four every week.

Between 500,000 and 1 million people are believed to take ecsta-

sy every week, although there are no official figures available. Most tablets are still taken in clubs and at raves. There has been growing concern about the potential side effects of the drug, particularly since the death last November of Leah Betts, who collapsed after taking ecstasy at her 18th birthday party.

Carlo Pace, a drug worker at the Newham Drugs Advice Project, in east London, confirmed that in the past few months the price of ecstasy had dropped to as little as £7, although tablets cost about double that in clubs.

"There's definitely more around - probably from Holland and Belgium - and there's many youngsters taking it every day, although the weekends are still the most popular."

He added that there were now more dealers who had well organised networks of distribution.

Release, the national drug and legal advice helpline, regularly get calls from ecstasy users taking tablets at home. A small number of calls from people in Plymouth, Portsmouth, and the north-west of England have been from people who are taking the drug every day.

Claire Robbins, a drugs adviser at Release, said: "We also get calls from 14- and 15-year-olds who take ecstasy at home because they can't afford to go out, and from people in their 40s who are fed up with the club scene."

Kerry, 36, an ecstasy taker, recently had several friends come to her house to take ecstasy. She said: "Taking them in clubs is not so popular, it's partly a snobbish thing - everyone, even people in Essex, takes them now. I'm also getting older and have a child so I can't be bothered to go to clubs. Plus I'm broke."

## A big business that took off on the dance floor

Ecstasy is big business, not just for drug dealers, but also authors, T-shirt manufacturers, record producers and night-club owners, writes Jason Bennett. The culture that has sprung up around the drug since it hit the British dance scene in the late 1980s has been skilfully mastered to become a multi-million pound industry.

Witness the success of the new novel *Ecstasy* by Irvine Welsh, author of the cult book *Trainspotting*, latterly a film. Despite poor reviews, it is in the number-one spot in the paperback fiction best-selling list after selling 15,000 copies in its first week.

There has also been a rash of books about ecstasy which include tips on how to get the best out of your drugs. Added to that are the numerous records aimed at the ecstasy rave and dance market.

MDMA was invented in 1912 by Merck, a German company, but no medical or commercial uses were found for it, although in 1953



Cover story: Irvine Welsh's trip into the world of ecstasy

the US Army tested it to see whether it could be used to disorientate enemy troops.

In the mid-Sixties its psychedelic effects were recognised and Adam, as it was then called, became popular with students as a

"love drug". Once it became popular among the general population it was banned in the USA in 1965. British dance clubs adopted it in 1988, spawning the worldwide rave culture, which involved trance dancing at mass outdoor events.

Despite the decline in the popularity of raves, prompted by laws to outlaw mass gatherings, taking ecstasy has become an established part of life for thousands of people in Britain.

Its influence is particularly acute in the music, clothes and lifestyle of young club-goers.

There is also an important, less visible market of drug-takers who are looking for cheap, readily available and relatively safe narcotics to take at home with friends. With falling prices and more reliable quality, this is likely to be a boom area, something which dealers are exploiting.

Beauty and the beast: The strips of ecstasy pills (left and right) show the designs for the drug that are part of the rave culture

## Dangers fail to halt rise of drug's growing popularity

JOHN REVILL

For Kelly, a 24-year-old from north London, the highs she used to get from ecstasy are no longer worth the risk.

"You don't know what you're getting these days... I could be dead," she said.

Her fears over the declining quality of the drug on sale in clubs and the recent deaths of some young people, including Leah Betts, reflect a growing sense of caution among many ecstasy users.

But Kelly, a housing association worker, has decided not to take any more chances and no longer takes the drug. "I didn't have a bad trip as such, but the after effects just don't make it worth it any more. You don't get depressed like on LSD but your kidneys and back ache for days afterwards."

"It made me tired and listless for ages afterwards, and it can destroy



Leah Betts: More caution among users since her death

your free time because you don't have energy to do anything else."

Ian, a 19-year-old student from Islington, north London, thought ecstasy was enjoyable but overrated. "I've had it a couple of times at clubs to get me in the mood for

it. It was OK for a few hours but the comedown was not at all enjoyable."

It was endorsed more enthusiastically by Greg, 27, a book-seller from Clapham, south London: "I had my first trip in 1990 and it was brilliant. You feel euphoric and can almost feel the music washing over you."

"The trips can vary though and sometimes it just makes you want to dance. It's good because you don't get any horrible side effects."

All three agreed that ecstasy experiences depended upon where they got the drug from. Kelly said: "I bought mine in a club which may have explained why it was bad."

Greg and Ian both said that the best place to get the drug was from friends.

But despite the caution there are no signs of a drop in the popularity of the drug. Greg said: "It's so popular now and it will remain so until either the music changes or another drug becomes more fashionable."

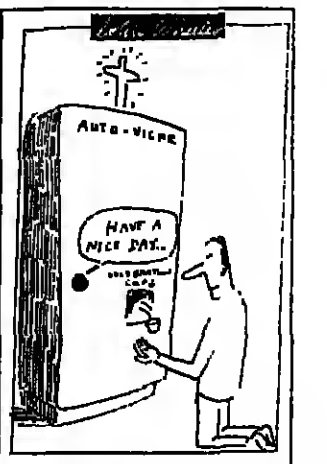
## Pre-pack cups alter image of eucharist

ANDREW BROWN  
Religious Affairs Correspondent

Take care, for this is my body... hygienically wrapped in individual portion-sized, trademarked plastic cups. An American company could make a fortune distributing pre-packaged communion sets, containing wine and individual wafers sealed in transparent containers rather like those with individual portions of butter or jam in hotels.

English Christians reacted with incredulity yesterday to the news that the Compak Corporation, of Chicago, is already selling 25 million sets a month of their "celebration cups". "I think it's disgusting, but I can't say why," said the Archdeacon of York, the Venerable George Austin, one of the Church of England's leading traditionalists.

Jim Johnson, the president of Compak, said: "I think this is more reverent than ordinary means, since the Bible endorses cleanliness."



Referring to the occasion on which Jesus fed a crowd by the miraculous multiplication of loaves and fishes, Mr Johnson added: "Just look at the feeding of the 5,000; that had to be fast food, so we're in good company."

However, the eucharist commemorates a different meal, the Last Supper, when Jesus "took the bread and broke it" - impossible when both bread and wine come pre-packaged in individual portions.

Monsignor Kieron Conry, a spokesman for the Catholic Media Office, said: "The eucharist is an action, not a thing; and it is a community celebration, not a personal one. This packaging makes that impossible."

Mr Johnson, however, remains sanguine. "There's been an incredible response so far, but there are 2.2 billion Christians in the world, so we have only just scratched the surface," he told the *Church Times*.

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## news

# Dismay at disabled 'cheated' of £10,000

NICHOLAS TIMMINS and CHRIS BLACKHURST

Some of the poorest people in the country may have died being owed £10,000 or more by the Department of Social Security.

The blunder was the result of the department's failure to identify them, the Commons Public Accounts Committee said yesterday.

The committee made a damning attack on the department's inaction over fraud, inability to predict and control its budget and levels of underpayment and overpayment of benefit.

It said it was "dismayed" that some of those entitled to a severe disability premium might have died before receiving arrears worth up to £12,500.

An error dating back to 1988, in which officials failed to identify those entitled to benefits - although they were on other disability benefits - led to 24,000 people losing £90m.

The department discovered the error in 1992. The committee says it is "quite unacceptable" that it then took three years to rectify the errors. Past dormant claims still have to be examined to see if they are entitled to the cash.

Alan Williams, a Labour member of the committee, said people had died in poverty when large sums were owed to them. To deprive them of their money, he said, was "sordid and singularly despicable". Mr Williams said: "Ministers have deprived the poorest people in Britain of about £300m".

He cited a parliamentary answer from the DSS "that there are no plans to take any specific steps in respect of customers now deceased" as regrettable. Mr Williams said the department was under a duty to rectify the mistake, whether the claimant was alive, or had since died. Their carers should be entitled to the cash, he said.

The committee also attacked the department of Peter Lilley, the Secretary of State for Social Security, for overspending for the third year running. It said it was "dismayed" at the errors in the level of income-support payments. Errors totalled £848m, more than 5 per cent of the amount spent on income support. This "extraordinarily high" figure includes £546 in overpayments and £183m in underpayments.

The committee warns the department that the "step change" in efficiency it is seeking "must not put accuracy at risk or lead to even worse error rates".

One computer error has led to more than £2.25m in overpayments being lost, because the department had no right to claim the money back.

The MPs are "deeply concerned that the level of fraud, an estimated £1.4bn on income support alone, is so high".

The department should accelerate its programme to establish the level of fraud in other areas. The committee made its criticisms the day after Mr Lilley had turned down the recommendations of the Social Security Committee for tightening up housing-benefit fraud. *Nineteenth Report of Committee of Public Accounts, Session 1995-6, HMSO £10.60*

Health service reforms have made it more difficult for some children with rare illnesses to get the right treatment, it was claimed yesterday, writes Louise Jury.

Although many health authorities pay to refer patients to a centre of excellence, some parents have to fight for their child to see the appropriate expert. The problems of finding the right medical specialist were raised by the family support charity, Contact a Family, as it launched an awareness week for those affected by rare diseases.



Full monty: British and French veterans of the D-Day landings at Normandy watching as Prince Michael of Kent unveils a statue of Field Marshal Montgomery at Colleville-Montgomery in France. Photograph: Peter Macdiarmid

## Newbury contractor risks protesters' fury

CHRISTIAN WOLMAR  
Transport Correspondent

It seems like the road contract from hell. But Costain, the engineering and building company, is prepared to endure the wrath of protesters to gain its biggest ever roads contract, the £73.8m Newbury by-pass.

Within minutes of the announcement in Parliament that Costain had won the contract, 25 protesters blocked the offices of the company in nearby Maidenhead.

Several demonstrators scaled the roof and unfurled banners saying "save the snail" and "no costain".

Alan Lovell, Costain Civil Engineering's managing director, has already had demonstrators with banners on the lawn of his house near Winchester two weeks ago, when his company emerged as the favourite to carry out the work.

Mr Lovell said that special precautions in line with advice from the police and the Highways Agency would be taken to protect the site of the 13.5km dual carriageway by-pass during construction, which is due to start within a few weeks.

He refused to discuss his personal security arrangements but said: "It is regrettable that protesters target individuals in this way."

Mr Lovell highlighted Costain's environmental record, which he said had won the company an award for a Lyme Regis coastal protection project, though such reassurances are not likely to have an impact on the protesters.

They feel that they have been given an important boost because John Watts, the roads minister, yesterday accepted that the two sites of a rare snail, Desmoulin's whorl snail, which are on the route, have "acknowledged conservation value".

He proposed to move the habitats to larger sites. But yesterday, Friends of the Earth immediately threatened legal action over the snails.

Charles Secrett, director of Friends of the Earth, said that it would seek a judicial review of the decision.

"We have a strong case because there was no proper assessment of the impact of the road and the scheme ignores the European Union's Habitats Directive," he said.

Friends of the Earth suspect Costain won the contract because several of the other five shortlisted firms deliberately put in high tenders, in order to avoid battles with the protest groups.

Last month, Sir John Bannam, of Tarmac, one of the other bidders, effectively ruled his company out by saying he wanted the environmental standards of the scheme re-appraised and improved if the company won the contract. Tarmac faced enormous controversy over the building of the M3 at Twyford Down in the early 1990s.

The Government has long argued that the by-pass is necessary because 50,000 vehicles per day use the A34 through the town. But Mr Secrett said that alternatives such as improvements to the existing roads, more bus lanes and more use of the local rail line for freight were not properly considered.

As part of Green Transport Week, the Royal Society for the Protection of Birds called for a moratorium on road building on the nation's most important wildlife habitats. It said that 80 valuable sites were threatened by road schemes.

## Health service waiting times 'may lengthen'

NICHOLAS TIMMINS  
Public Policy Editor

The National Health Service is facing its toughest time financially for years with the possibility that some waiting times will lengthen, Alan Langlands, chief executive of the NHS, warned yesterday.

And while he said that the health service was far better placed to cope than in the winter of 1997 - the occasion of the last great NHS financial crisis when 4,000 beds shut forcing the Government into its NHS review - he told NHS managers that "difficult choices will have to be made" in the year ahead.

Money is so tight that no new targets for cutting waiting times have been set for next year. The NHS was told formally to hold the first time yesterday that meeting the demand for emergency care is its "first responsibility".

While Mr Langlands said he did not think it was "inevitable at all" that waiting times would lengthen, they would "vary in different places".

Managers and the NHS executive, however, "will want to hold on to the hard won achievements of the past few years. We don't want to lose ground", he said at the launch of next year's

NHS planning guidance at the annual conference of the Institute of Health Services Management in Birmingham.

"We are facing the toughest year we have faced for a long time," he said. Between 1990 and 1993 the NHS had enjoyed substantial growth as the NHS reforms were introduced. Settlements in the past two years had been less generous, but the service had gained from lower than expected inflation. This year growth was only 1.1 per cent in the face of rising emergency demands, a still ageing population and other pressures. It would be both "tight" and "tough", he said.

"There is much less room for manoeuvre than we would like," he added, warning that there were "no quick fixes" and no "hidden pot of gold" available.

He promised support, however, for managers "who have to pace developments and make the sort of trade-offs between competing priorities which may be required in some places".

His warning follows acute pressures last winter on both emergency services and intensive care beds for adults and children. The service then had "coped remarkably well", he said at the coming year, he said: "I think

we can cope and we will cope." Overstating the pressures "certainly at the moment" would "simply get in the way of managing them".

Asked if the situation was as bad as 1987, Mr Langlands, who has just had his contract as NHS chief executive extended to 2000, said: "I don't know, but we are in a completely different situation." Today's NHS was much better placed to manage the situation creatively, he said.

His comments came as James Johnson, chairman of the British Medical Association's consultants' committee told its annual conference in London that the shortage of intensive care beds had become "a national scandal" with safety margins cut to the level of "third world medicine". He said that Stephen Dorrell, the Secretary of State for Health, had called for more beds but had not provided the one thing needed - money to fund them.

Harriet Harman, Labour's health spokeswoman, told the conference that she "well understood" the service was facing a "severe and immediate" funding crisis. But Labour, however, would give no specific figures on its spending plans before its first Budget.

## DAILY POEM

### Something Else

By Paul Muldoon

When your lobster was lifted out of the tank to be weighed I thought of woad, of madders, of fugitive, indigo inks,

of how Nerval was given to promenade a lobster on a gossamer thread, how, when a decent interval

had passed (son front rouge encor du baiser de la reine) and his hopes of Adrienne

proved false, he hanged himself from a lamp-post with a length of chain, which made me think of something else, then something else again.

Paul Muldoon was born in Co Armagh in 1951. He was still at Queen's University, Belfast, when Faber published his first collection of poems in 1972. His most recent collection, *The Annals of Chile* (1994), won the T S Eliot Memorial Prize. This poem, which first appeared in *Meeting the British* (1987), is taken from *New Selected Poems 1968-1994* (Faber, £7.99). Paul Muldoon will be giving a public reading at the Poetry Cafe, 22 Brompton Street, London WC2 on Tuesday 11 June at 7.30pm.

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edited by David Lister

# Draft notebook holds untraced Spender poems

MARIANNE MACDONALD

A canvas notebook containing three apparently unpublished poems by Stephen Spender, one of the century's most famous poets, is certain to cause much excitement among scholars and collectors when it is auctioned this month.

Sir Stephen Spender died last July, an event many saw as marking the end of an era for that Oxford group of friends and poets who gained such fame in the Thirties: Auden, Isherwood, Day-Lewis and MacNeice.

His autographed poetical notebook from the Thirties, which is to be sold by Sotheby's on 28 June, is called "POEMS, July 1939" and signed "Stephen Spender". It is labelled by the poet as "Fair Copy of Poems, from July 20 1939", but the 55-page book (two leaves were cut out by Spender) is in fact a collection of late drafts and includes *To the Shades, She Came to the River* and another untitled poem, none of which are thought to have been published.

Spender's first collection of poetry, simply entitled *Poems*, was published to huge acclaim in 1933. But many thought his finest work was to be found in his wartime volumes, *Ruins and Visions* (1941) and *Poems of Dedication* (1946).

Many poems in the canvas notebook ended up in those two collections. One was *The Vase of Tears*, which clearly gave Spender a great deal of trouble: it is covered with deletions.

What a poet leaves out is often as interesting as what is kept in, and here on one line Spender has tried out "bends", "stoops" and "arches" at the start of the phrase before settling for: "Knees over pearls of salt and water/And one by one these tears collect".

He also deleted the entire first stanza of his untitled, unpublished poem, which originally read: "Doing anything and everything is a drug/My pen is a bitter root of oblivion, my thoughts/[unreadable] cover with pictures the abyss of waiting."

But in the final version the poem starts: "Then the meals are brought in and I ask for what/For what am I waiting?"

Peter Selley, the English literature expert at Sotheby's, which is to sell the book for an estimated £3,000 to £5,000, said: "Spender still made quite extensive corrections in it, and there are three poems which have not been traced. It will have great appeal for collectors."

The sale also offers another Spender rarity: the corrected galley proofs – estimated at up to £500 – of *The Struggle of the Modern*, originally entitled *The Battle of the Moderns*.

But the printer (it was published by Hamish Hamilton in 1963) must have been hard pushed to decipher the insertions and crossings-out. The page discussing James Joyce's *Ulysses* is particularly complex. One correction changes Spender's statement that "By imagist standards, *Ulysses* is a poem of the last chapter" to "By imagist standards, a great deal of *Ulysses* is poetry. The famous interior monologue is, as we have seen, the method of imagist poetry..."

The book and proofs form part of the collection of modern first editions gathered by Anthony Hobson, a friend of TS Eliot, Nancy Cunard and Graham Greene, whose work he also collected.



Poet of passion: Jackie Cromarty, deputy exhibitions organiser for the Royal Museum of Scotland at the show opening today to mark 200 years since Robert Burns' death. She holds the manuscript of *Ae Fond Kiss*, written by Burns to his lover Clarinda in 1791. Photograph: Colin McPherson

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## New Prado head to end gallery's picture of chaos

ELIZABETH NASH  
Madrid

A new director, Fernando Acha, has taken charge of Spain's Prado museum, one of the world's finest art collections, with a promise to bring order to its shambling internal organisation.

He is the fifth director in six years and the eighth since the dictator Franco died 21 years ago. This staggering tally will no doubt prompt many of the thousands of Britons due to visit Madrid's top tourist attraction this summer to wonder what has been going on.

The museum, which contains the world's most extensive collection of masterpieces by Goya, Velazquez and El Greco, has been beset by a succession of intrigues, incompetence and haphazardness that has led it to the point of crisis.

In the latest and most grotesque blunder, last March, Mr Acha's predecessor, Jose Maria Luzon, wrongly hailed as a newly discovered Goya painting that was registered as the work of a lesser contemporary.

The scandal swept Mr Luzon out of office, and revealed the damage caused by treating the museum as a political football. Mr Luzon, an archaeologist with no special knowledge of Goya, is considered to have been a grey placeman for the previous Socialist government.

A previous director, Felipe Vicente Garin, resigned in disgrace after rainwater had been found dripping into the room housing Velazquez masterpieces. Another, Alfonso Perez

Sanchez, was sacked for signing a declaration against Spain's participation in the Gulf war. Yet another, Francisco Calvo Seraller, had to go when his wife was found to have set up a photo-feature on designer chairs in a style magazine that used the Prado's principal rooms as a backdrop.

None of the past five directors has been a qualified curator, a situation inconceivable in any comparable museum in Europe.

The appointment last month of the art historian Mr Checa, 44, a specialist in the 16th- and 17th-century royal collections that form the heart of the museum, coincides with a radical management shake-up. He will be relieved of many bureaucratic duties that weighed upon his predecessors, and he centralises in his own hands powers that had been dispersed and had created bitter struggles among rival mini-empires.

Mr Checa told the Spanish press that curating would be a priority, and promised to increase the number of curators from six to 11.

The Prado has always had few curators by international standards: for many years it had none for Spanish art, its strongest suit.

Cataloguing the collection is another priority: amazingly, the first full catalogue in the museum's 177-year history was published only last month.

He will also concentrate on restoring and rearranging the collection, nine-tenths of which is stored in vaults.

Mr Checa plans no more big set-piece exhibitions such as the present Goya blockbuster marking the 250th anniversary of the artist's birth, and the 1992 Velazquez exhibition. These are a hit with the public, but have been criticised in the art world as rip-offs.

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Beef war: Britain's disruption campaign could affect Europe's political and trade relations with the rest of the world

# Blocking tactics hit Mid-East dialogue

SARAH HELM and DONALD MACINTYRE

Britain will next week pursue its beef war by blocking European Union dialogue with Syria, at a crucial moment in the Middle East peace process.

Faruq al-Sharwa, the Syrian foreign minister, will fly into Luxembourg on Tuesday, hoping that the EU will take a strong new role as interlocutor in the Middle East, following the election of the right-wing Likud government in Israel.

Instead, Mr al-Sharwa will be told, at a meeting of EU foreign ministers, that due to the crisis over so-called "mad cow disease", the EU cannot give a "common position" on the future of the Middle East.

Important meetings between the EU and Latin American leaders also look certain to be undermined. President Carlos Menem, of Argentina, and four Latin American foreign ministers, are flying to Luxembourg hoping to hear the EU's "common position" on a new political and economic dialogue.

However, fearing a British veto, the EU's Italian presidency has already decided that the meetings with the ministers will have no formal agenda. As a result, President Menem and the other Latin American leaders will return home without any firm conclusions on the next stage of their association.

Political and trade agreements with Canada and Algeria could also fall victim to British disruption next week. Malcolm Rifkind, the Foreign Secretary, raised hopes on Wednesday that Britain might "de-escalate" its disruption campaign, when he announced that the Government would not hold up an EU agreement with Slovenia at next week's meeting. His announcement followed a strong warning from Jacques Santer, the European Commission President, that unless Britain stop its blocking tactics there could be no "framework" for lifting the beef ban.

However, the evidence in Brussels yesterday suggested

this concession was a "one off." Until now, Britain's blocking tactics have largely affected internal European policy-making. Next week, however, at the first meeting of EU foreign ministers since the crisis, Britain's disruption will affect Europe's relations with the rest of the world.

The British decision to make a concession over the EU-Slovenia agreement did not surprise European diplomats in Brussels yesterday. Britain has always supported strengthening EU ties with Slovenia as part of the long-term objective of enlarging the EU. Furthermore, by waiving the veto on the Slovenia question, Britain wins favour with the EU's Italian presidency, which wants to see the delayed deal finalised.

John Major yesterday gave the clearest indication yet he did not expect the EU to give a firm timetable for total lifting of the EU beef ban as ministers continued to talk up hopes of a deal with Britain's European partners before the Florence summit on 21 June. Mr Rifkind also continued to send out optimistic signals on the prospects for reaching a deal to end the beef crisis with the EU amid strong signs of Tory backbench opposition to any "sell out."

The Cabinet was told yesterday that 17 June - when EU foreign ministers gather in Rome for a pre-summit meeting - provided the best chance of securing a "framework" for lifting the EU beef ban.

The hopeful noises from Whitehall came despite a clear indication by President Jacques Chirac in talks with Mr Rifkind and Douglas Hogg, Minister of Agriculture, that he would prefer Britain to lift its policy of non-cooperation with EU business as a preliminary to talks on promising the ban. But he promised that the new dossier on Britain's plans to eliminate BSE would be examined in detail.

But there were private warnings from some Euro-sceptic backbenchers yesterday that they would be deeply disinclined to support a fudge.



Raging bull: A stockman gets to grips with his own beef crisis at the South of England Show, West Sussex, yesterday. Photograph: Brian Harris

## Lamont's beef in character for Cook

STEPHEN GOODWIN  
Parliamentary Correspondent

Rohin Cook had scarcely coined his description of the Conservative Party as "refashioning itself as an English Nationalist Party" when he bobbed Norman Lamont in the Commons invoking the defeat of Napoleon as a lesson for solving the beef crisis.

Mr Cook, in speech yesterday to the Royal Institution of International Affairs, had tried to turn the debate on Europe to how Britain would win the peace after the current disruption was over. But while Labour's spokesman on foreign affairs echoed the concerns of the CBI about the risk to jobs and the economy from non-cooperation, Mr Lamont, the former Tory Chancellor, was cheered by Euro-sceptics for an

Old Labour-style rant against a captain of industry.

At a CBI gathering on Wednesday, Niall Fitzgerald, chairman designate of Unilever, said that if the crisis continued, it would harm trade with Europe. But Mr Lamont, at Question Time, recalled that during the Napoleonic wars, Samuel Whitbread was always predicting defeat and urging the Government to negotiate with Napoleon. He told the Prime Minister to "ignore the successors to Samuel Whitbread in the CBI who want to throw in the towel... and tell the chairman of Unilever to stick to cream cakes and detergents."

Mr Cook told the RIIA it was by no means clear that the Conservative government could now find any other form of relationship with Europe other than confrontation. "We cur-

rently are witnessing the export of Mrs Thatcher's style through foreign policy, and it doubtful whether Conservative backbenchers will now allow their Government to revert to any other style of diplomacy towards Europe." It was vital that Britain obtained a lifting of the beef ban, but equally vital that Britain then drew a line under the confrontation of recent weeks, Mr Cook said.

Labour's "qualified support" for the Government's strategy would continue, he said, but the power of veto should not be applied "mindlessly" - action against fraud and aid to developing countries should not have been blocked - and nor should ministers act for party advantage. Mr Cook said social democracy remained the largest trend within continental politics. The Conservative Par-

ty of Macmillan and Heath would have had no difficulty with the consensual commitment of the Europeans to social cohesion, but the Tories today looked to the New Right of America for political inspiration. "It is a twinning arrangement fostered by the American proprietors of the newspapers which most avidly egg on the hostility of the Europeans," he said.

Labour was able to offer Britain a more successful relationship with Europe because it was at home with the European social model, the shadow foreign secretary said. Enlargement of the EU and jobs were the party's two first priorities.

The third was constructing a Europe which better connected with concerns of people - dealing with pollution, transferring power down to the

regions and granting rights at work through adoption of the Social Charter.

Mr Cook said it was important that politicians took seriously the questions arising at the Inter-Governmental Conference, but they should not imagine there was mass interest in the arithmetic of qualified majority voting.

"There is a danger that the debate in Brussels could disappear into orbit round the lonely planets of the European institutions, appearing increasingly out of touch with the concerns of people on the ground," he cautioned.

## Portillo's guests upset top brass

JOHN RENTOUL  
Political Correspondent

The knives were out again for Michael Portillo, Secretary of State for Defence, who was forced yesterday to apologise for a noisy party in his office which disturbed spectators during a military display by the Household Cavalry.

Mr Portillo's office overlooks Horse Guards Parade, and ministers usually hold parties so that their guests can watch, but members of the public attending the ceremony on Wednesday night complained about disruption from "raucous voices" and "loud laughter" through the open windows.

There was a request that the people standing near the window keep their voices down and the request was complied with, a spokeswoman for Mr Portillo said. "He is very sorry that anybody was disturbed. He did something about it right away." But Mr Portillo's supporters said they thought the story was "wildly exaggerated" and was being used by his political opponents, or by those in the armed forces who did not like his Tory conference speech last year, in which he invoked the reputation of the SAS.

Mr Portillo was overtaken in a Muri opinion poll this week by John Redwood, the former Secretary of State for Wales, as the leading right-wing contender for the Conservative Party leadership if Labour wins the next election.

He was also the victim earlier this year of unfounded suggestions that he wanted to sell off the historic Admiralty Arch connecting Trafalgar Square to the Mall. It was reported that John Major had slapped him down before it emerged that the property had been handed over to the Department of the Environment some time before.

The London Evening Standard yesterday quoted an unnamed "former Guards officer" as saying that Mr Portillo's party "utterly ruined an emotional and stirring occasion which a lot of people had come to see. You would think Portillo would know better". A source close to Mr Portillo said: "When you are a politician there are always people trying to do you down. He can cope with it."

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## Labour doubts over £3bn levy

JOHN RENTOUL

Doubt was cast yesterday by a Labour frontbench spokesman on plans by Gordon Brown, the shadow Chancellor, to impose a £3bn windfall levy on the profits of privatised utilities.

Kim Howells, the party's spokesman on competition policy, said the idea of the windfall tax was "a difficult one", and that the utilities "have got a good point" when they complain that it would put up their prices. But he told the BBC's Today programme: "I'm sure that Gordon Brown is going to work out a way of making that tax work."

A spokesman for Mr Brown dismissed claims that the policy was in question, and pointed out that he might increase the levy to penalise the utilities for their poor investment record. The windfall levy would be the most important source of funds available to an incoming Labour administration, paying for a £1bn jobs programme.

Dr Howells was speaking after he sparked controversy with a call - approved in advance by Labour leader Tony Blair - for the Labour Party to "get real" and "embrace competition". Writing in today's New Statesman, Dr Howells said the way to get a "lost generation" of young people back to work was to "get serious about helping companies in Britain to become more competitive and innovative... It is companies which succeed or fail in business, not countries".

Dr Howells, MP for Pontypriid, yesterday denied his ideas would bring him into conflict with Margaret Beckett, Labour's trade and industry spokeswoman. "I think she understands as well as anybody that if British industry cannot compete, we ain't going to have any jobs," he said.



news

# Cornish cancer cluster inquiry

LIZ HUNT

A team of cancer experts is to investigate a rare leukaemia cluster in Cornwall, in Cornwall, where eight years ago water supplies to 20,000 people were contaminated with aluminium.

The doctors will try to reassure the local community that the contamination, linked with a wide range of health problems in the town, is not to blame for three teenagers in the same class developing leukaemia.

A 14-year-old boy died in January, and a 13-year-old girl and another 14-year-old boy are receiving chemotherapy for the disease. They are members of the same tutor group at St James Smith's Secondary School, in Camelford.

The Cornwall and Isles of Scilly Health Authority last month promised an independent inquiry into the cases and four leading scientists attended a meeting with 100 parents, pupils and staff to report the results of preliminary inquiries.

Dr David Miles, director of public health for the authority, said at the time that the cluster was "remarkably unusual".

Professor Ray Cartwright, director of the Leukaemia Research Fund and Professor of Epidemiology at Oxford University, told the meeting that the Camelford cluster was rare but not unique, and he warned that investigations into other clusters worldwide often failed to provide satisfactory explanations.

The inquiry team would be following several possible lines of investigation. Professor Cartwright said, one of which was the contamination incident in 1988, when 20 tons of aluminium sulphate were poured into the wrong tank at a water treatment centre.

# Football hooliganism: Psychologists warn players' rowdiness and beef war raising antagonism



Europortha: Will the terraces go wild in an outburst of xenophobic xenophobia, or will Jacques Santier's plea for British fair play be heeded? Photograph: Empics

# Euro 96 'heading for violence'

LIZ HUNT

Health Editor

Reports that members of the England football team allegedly caused criminal damage on a Cathay Pacific jet might feed crowd violence at Euro 96 games, psychologists warned yesterday.

On the eve of Britain's most prestigious sports event for 30 years, the psychologists warned that, for a tiny minority, recent events - including the "beef war", with its anti-European overtones - would bolster "their idea of what it means to be British", with potentially disastrous consequences.

Their comments strengthen criticisms of the England team by Malcolm George, Assistant Chief Constable of Greater Manchester, who is charged with policing Euro 96.

The allegations of criminal damage on the Cathay Pacific

flight as the England players returned from a recent Far East tour "did not help" his role in heading off hooliganism, he said earlier this week.

Dr Stephen Reicher, a senior lecturer in psychology at Exeter University and a specialist in crowd behaviour, said yesterday: "We are going to war over beef semen... and there is one sector that will gain from the xenophobic and racist commentary it has produced."

The Cathay Pacific allegations would also "influence the mechanisms" of part of the football crowd, he said.

Dr Reicher also attacked coverage of the championship which, he said, had concentrated on the "hooligan perspective and invading hordes" who could wreck the event.

"To focus in an unbalanced way on the hooligan element is dangerous," he said. "It might alienate those [in the crowd]

who are against conflict and persuade them to side with those who are in conflict."

The perception of crowds as "mad mobs" where individuals lost all sense of identity and control was wrong, Dr Reicher said; being part of a crowd could serve to restrain individuals with violent tendencies.

Dr Gerry Finn, a reader in the department of educational studies at Strathclyde University who has researched football and football crowds, urged Euro 96 fans to adopt the "carnavalesque" style of support pioneered by supporters of Scotland after criticism of their less than frivolous behaviour in the early 1980s.

"Carnavalesque fans are inclusive in their approach to others and attempt to involve opposition fans and local residents in boisterous, friendly exchange," he said.

"Scottish fans are believed to

act as ambassadors for Scotland. It is important to recognise the potential for change amongst football fans."

Police yesterday arrested two suspected football hooligans as part of a continuing operation designed to prevent violence at Euro 96. The arrests followed the release by police on Tuesday of photographs depicting six suspects wanted in connection with violence at an Arsenal-Spurs game in April.

The men arrested yesterday were two of those pictured. They were detained in Upminster, east London, and in Chichester, West Sussex, and taken to Holloway police station in north London for questioning.

Another of the six men surrendered himself earlier in the week. The pictures were released as police arrested six people in dawn raids in Essex and north London.

Leading article, page 11



Bad example: Ranger Duncan Ferguson butting Raith Rovers John McStay in 1994 Photograph: Craig Halkett

# Karpov defence finally opens

WILLIAM HARTSTON  
Chess Correspondent

A year overdue, the 1995 Fide world chess championship match between Anatoly Karpov and Gata Kamsky started yesterday.

Not in New York, where Garry Kasparov, champion of the rival Professional Chess Association, successfully defended his title last year. Not in Montreal, where Fide had confidently expected the match to be held until the Canadians failed to come up with the money. Not even in Baghdad, which Fide designated as the official venue when Montreal fell through, but in Elista, a city roughly the size of Slough, that is the capital of the semi-autonomous sheep-rich state of Kalmykia in southern Russia.

Since Kasparov and the British player Nigel Short staged their dramatic breakaway from the International Chess Federation, Fide, in 1993, to form the PCA, the continuing schism within world chess has led to discontent among potential sponsors.

After one world title cycle with the PCA, the computer chip manufacturer Intel has ceased its support, while Fide, as this long-postponed event has shown, has had even greater problems.

At the beginning of this year Fide elected a new president, Kirsan Ilyumjinov, by all accounts one of the richest men in Russia, would lead the organisation out of the interminable crises that had dogged the organisation under its previous administration. Quite apart from his riches, his love of chess, and his obvious energy, Ilyumjinov was a man of considerable influence, being himself a head of state - the state of Kalmykia.

And so the players have arrived in Kalmykia. Anatoly Karpov, 45, the undisputed world champion from 1975 until 1985, and the Fide champion since 1993, faces Gata Kamsky, 22, who defeated eight years ago from the USSR to the United States.

The match will be over 20 games and is expected to last until the middle of next month.

# TV rivals pitch bids to win Premier League rights

PATRICK TOOHAR

Amid the peace and tranquility of Combe Abbey, a former Cistercian retreat outside Coventry dating back to the 11th century, some of the most formidable deal-makers in the land gathered yesterday to thrash out a new contract for the right to televise Premier League football.

Among the first to arrive at the pastoral setting was Alan

Sugar, founder of the electronics group Amstrad and chairman of Tottenham Hotspur Football Club. Mr Sugar turned up in a distinctive dark blue Rolls-Royce, bearing the personalised number plate AMS 1.

Not to be out-done Sir John Hall, boss of Premier League runners-up Newcastle United, rolled up in a chauffeur-driven black Bentley bearing the equally memorable legend NUCF. But the highlight of the

day came when the media moguls descended on the medieval manor.

In particular, attention centred on Sam Chisholm, chief executive of BSkyB, and his former colleague and former Sun editor Kelvin MacKenzie, chief negotiator for the rival Mirror/Carlton consortium. The two men have been on frosty terms since Mr MacKenzie's departure from BSkyB two years ago after rows described

by insiders as monumental. Yesterday the 20 Premier League chairmen assembled to discuss a new television contract had the dubious pleasure of sitting through a one-hour "beauty parade" from both men as well as the third bidder, Lord Hollick of MAI. At stake is the biggest television contract in British sport.

The current five-year deal with BSkyB, which expires next year, was worth about £60m a

year to the Premier League. But the price tag for exclusive rights has been boosted to about three times that amount by the prospect of broadcasting matches on a pay-per-view basis in a few years.

Club chairmen and the Premier League were tight-lipped as the presentations continued, but it is believed that the three bidders have offered between £150m to £200m a year. MAI is believed to have bid

for the rights for the next 10 years. However, top football clubs such as Manchester United are pushing for a shorter-term contract of no more than three years and want the right to re-negotiate once digital television is introduced in the UK, providing the capacity to televise all Premier League matches live on a pay-per-view basis. The Premier League could name the winning bid as early as today.

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## international

## Turkish leader forced out by bitter rivalry



Yilmaz: Resigned after losing power struggle with Ciller

HUGH POPE  
Istanbul

The Turkish government of Prime Minister Mesut Yilmaz collapsed yesterday after three months of administrative paralysis, squabbling over corruption and a bitter rivalry between the pro-Islamic Welfare Party and the centre-right minority coalition between Motherland Party of Mr Yilmaz and Tansu Ciller's True Path Party was co-bled together in March under pressure from those who fear the Welfare Party most, a secular republican establishment that includes big business, media barons and the powerful military. But even after signing a coalition protocol for a rotating premiership, the two youthful leaders competing for the future captaincy of Turkey's sinking centre-right could not overcome a personal rivalry that borders on hatred.

The slow-witted Mr Yilmaz was stubbornly convinced he could force Mrs Ciller's party to dump her by deploying allegations of corruption, including a parliamentary investigation into her great wealth. But he reck-

oned without Mrs Ciller's legendary toughness and charisma. She first ordered ministers to boycott their own coalition government, and when that warning move failed, simply joined the Welfare Party in agreeing to a vote of no-confidence that was to be held on Saturday.

Finding himself out-flanked, Mr Yilmaz found a pretext, a court annulment of the government's original vote of confidence which he had previously dismissed, to hand his resignation yesterday to President Suleyman Demirel.

The Yilmaz administration will now remain in office in a caretaker capacity until a new government is set up, a process that could take up to 45 days. If the government is not formed by July 21, then the president must call new elections.

Turkish markets reacted mildly to the situation. Private business has largely shrugged off political turmoil that dates back to September, even though there are some signs of economic slowdown and a hesitation by foreigners to invest.

Uncertainty arises over whether there will be a Welfare Party element in the next government, and what it might do.

The confusion - which Mr Yilmaz told reporters showed that Turkey was moving towards an "Italian-type democracy" as if that was something desirable - has also helped the wily and quietly ruthless President Demirel become a central player in Ankara.

But eyes are mostly on Welfare Party leader Necmettin Erbakan, 70, who should be asked to try to form a government first. Welfare controls the largest bloc of seats in parliament, having come first with 22 per cent of the vote in the

December 1995 elections. It consolidated this lead in local by-elections on Sunday, climbing by three percentage points to reach 33.6 per cent in the 41 municipalities in question. Mr Yilmaz's share dropped by five percentage points to 21 per cent and Mrs Ciller's by four to 12 per cent.

Mr Erbakan is calling for a grand right-wing alliance with both Mr Yilmaz and Mrs Ciller. To look more presentable, he seems determined to rein in his anti-semitism, his dream of an Islamic common market led by Turkey and his deeply held be-

liefs about a Western plot against Islamic nations.

In an interview with *Milliyet* newspaper yesterday, Mr Erbakan pledged that the Welfare Party was committed to democracy, not to changing the way people dressed, ate or drank. He promised not to take Turkey out of NATO, that he would stick with the Customs Union with Europe and that he would consult with the Turkish military about the future of the allied air force that protects the Kurds of northern Iraq from President Saddam Hussein.

Leading article, page 11

## Likud victory gives settlers green light

In the wake of the Israeli election, Jewish settlers have started to take over houses in Palestinian districts in Jerusalem and Hebron. Within hours of the victory of Benjamin Netanyahu, the leader of the right-wing Likud party, a house in the Palestinian village of Silwan was occupied by militant settlers.

"They came on Thursday and took over the house," said Riyad Ghuzlan, a Palestinian journalist who lives on the other side of the road. Eviction notices were served on the same day to 10 other Palestinian families in Silwan, long the target of religious settlers because it occupies the site of the ancient city of Jerusalem conquered by King David.

The speed of the action by the settlers, who took over no houses for four years under the Labour government, indicates that they now believe that they can move safely into Palestinian areas. In Hebron, settlers this week took over a building housing a Turkish bath, which their spokesman said had been Jewish property before a massacre of Jews in the city in 1929.

The expansion of Jewish settlements on the West Bank under Likud is the development most likely to torpedo hopes of preserving the Oslo accords. In a message to settlers in Hebron, who held a rally to celebrate his election, Mr Netanyahu expressed "appreciation for your Zionist and pioneering work"

Palestinians are being forced from their homes, writes Patrick Cockburn in Jerusalem

and concluded: "Be strong and brave."

In Silwan, the resumption of takeovers by settlers since the election is generating deep fears among Palestinians. Mr Ghuzlan says he has been fighting a legal battle to keep his house "since 1987 when we received a letter telling us that we had 30 days to leave our home". Khalil Juda is one of those who received an eviction notice last Thursday. People from the district surrounded his house until a lawyer got an injunction giving the family 21 days to appeal.

The takeover of houses in Silwan is being orchestrated by Elad, a militant Jewish organisation, which wants the land because it is the site of the City of David, destroyed by the Babylonians in the 6th century BC. Its leader, David Be'er, said: "In the last four years we have continued to buy houses from the Arabs." He would not say how much property had been bought, adding: "We don't want to talk about it. We don't want to make a noise about it."

Often, the first that tenants know about their house being sold is when settlers arrive at

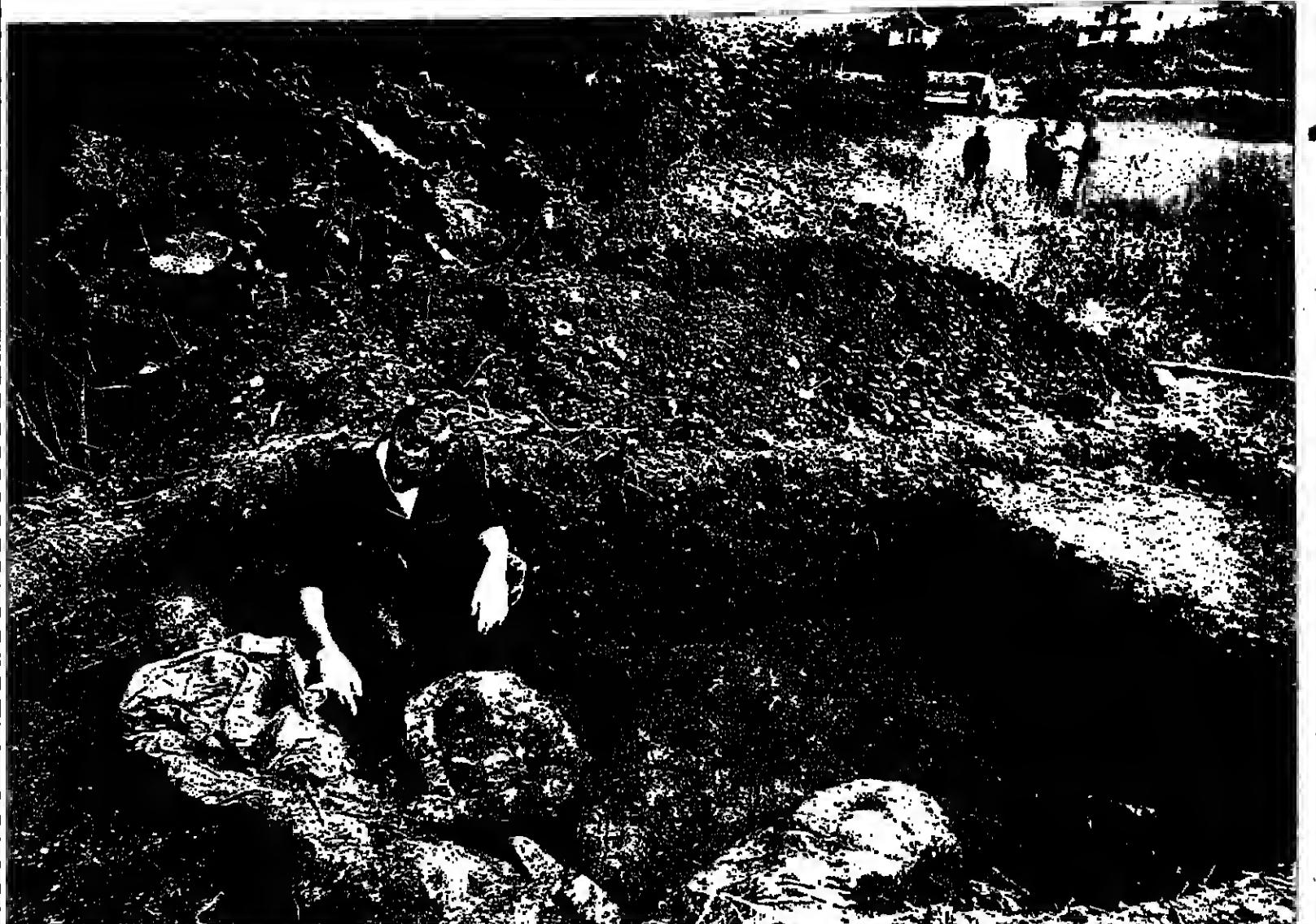
their door. Danny Seidman, a lawyer for Ir Shalem, a section of Peace Now which specialises in holding back settlers in Jerusalem, says the money used was illegally obtained from the last Likud government. He points to the Klugman report, an official Israeli investigation which says that General Ariel Sharon, then housing minister, orchestrated the financing of the settlement drive. Mr Seidman says: "The settler organisations still have tens of millions of dollars left from what they received then."

The Klugman report concluded that many Palestinian properties had either been obtained illegally by settlers or by quasi-legal means by the government, using tainted evidence. Despite its findings, the Labour government decided not to act against Elad or its sister organisation, Ateret Kohanim (Crown of the Priests).

The result of the last settlement drive is that the Old City of Jerusalem and Silwan are dotted with heavily-fortified buildings held by settlers. They are easily identified by their barred wire fences, blue and white Israeli flags and armed guards paid for by the government.

The Syrian president invited the leaders of Egypt and Saudi Arabia to a summit in Damascus today, to discuss Middle East peace prospects after Mr Netanyahu's election victory. AP in Damascus reports.

Scientists discover chilling evidence of crimes committed in darkest days of Bosnian war



Unearthing the truth: US forensic scientist John Gerns examines a corpse found in a mass grave at Basci, Bosnia, yesterday. The grave, thought to contain the bodies of up to 2,700 Muslims, was identified by satellite photographs. Survivors testify that Bosnian Serb forces massacred at least

3,000 mostly unarmed Muslim men after taking the UN-protected enclave of Srebrenica in July 1995. Many were apparently buried en masse after execution in one of the most brutal episodes in the 43-month ethnic war, possibly the worst since the Nazi Holocaust. Photograph: Nikola Solic

## Britain aims to boost arms sales

Britain is planning to increase to 22 per cent its share of the total world arms trade by the end of the century, capitalising on the disintegration of the former Soviet Union. It wants to maintain its arms exports at their present value of about £5bn a year through its increasing share of a shrinking market.

The United States, Britain and France are the three main arms exporters in the world, accounting for 90 per cent of all the new defence equipment, although Charles Masefield, the head of the Defence Export Sales Organisation does not believe that position will be sustained. Russia has committed itself to regaining some of the sales of the former Soviet Union, and east Asian countries, particularly Japan, may soon have the potential to challenge the traditional arms exporters.

The British and French arms industries are each about a third of that of the US, so their increased collaboration could

Christopher Bellamy reports on tougher competition in a shrinking market

have an impact on US exports. So could Britain joining the Franco-German arms agency, as proposed by the Secretary of State for Defence, Michael Portillo, last week.

In some areas, the Europeans are gaining ground against the US. Although the US can produce more advanced armaments more cheaply, it is losing out because it will not allow countries in the Middle East and the Pacific rim - the two main arms-purchasing areas - to have the most up-to-date equipment, whereas Britain and France will.

But the purchase of ready-made arms is being supplanted by the sale of know-how and "dual use" technologies which can be applied to military or civilian products. The Europeans are also more willing to transfer technology and let other countries produce

their designs under licence. The US arms industry employs about 800,000 people directly and a similar number indirectly. Britain and France each employ 230,000 directly and the same number indirectly. The shares of the global arms market are comparable: between 1990 and 1994 the US received export orders totalling \$116bn (£77bn) as against \$40bn for the UK and \$39bn for France. Britain provides 19 per cent of the world's arms exports. Its target is 22 per cent by 2000. Russia recently set itself a target of reviving arms exports to \$5bn a year.

Mr Masefield says the Middle East will remain the largest market for Western arms for the next five to 10 years. Meanwhile, the Asia-Pacific region will increase in importance. This has led to concern that there could be trouble in a region under-

going rapid industrial growth which could pay for an unrestricted arms build up, and where there are many flash points but no regional security structures comparable with those in Europe.

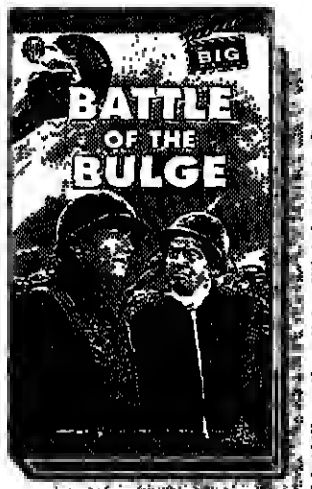
According to a new study by the Sakerworld foundation on the transfer of arms and military technology to east Asia, the "new-found wealth and buoyant trade" in the area has placed a stress on maritime forces to patrol supply routes and protect natural resources. A feature of the arms market on the Pacific rim is the role of technology transfer in building up the economies in general and defence industries in particular.

Most arms sales revenue does not come not from the sale of equipment but from contracts to maintain and support it. Mr Masefield said. For this reason, purchasers are expected to be reluctant to buy Russian arms. After sales service is seen as unreliable because of the country's instability.

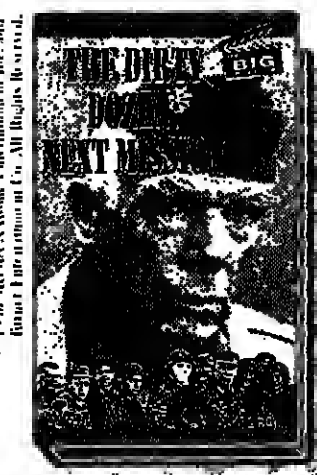
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## international

## Berlin rebuilt by low-wage British labour

Local building unions are worried about the impact on their wages, writes Imre Karacs in Berlin

Culture vultures should probably steer clear of the James Joyce and the Oscar Wilde. The music is loud, the conversation unpoetic, and sheer genius merely a twinkle at the bottom of a glass of Guinness.

The "Oscar" and the "James", and a string of other pubs in Berlin named after famous Irish exiles, are watering holes for the gangs of workers from the British Isles who have come to seek their fortune in the El Dorado of the building trade. Tens of thousands of Britons and Irish are labouring on Europe's biggest building site: Potsdamer Platz and the surrounding areas where the Berlin Wall once stood, and where the edifices of reunited Germany's might will soon be soaring to the sky.

The hard men building the new government quarter and the temples of commerce in the former minefields seem harmless enough but they give Germans the creeps. To put it bluntly, as the local press does: the trouble with the Brits is that they are over-sexed, over here, and under-paid.

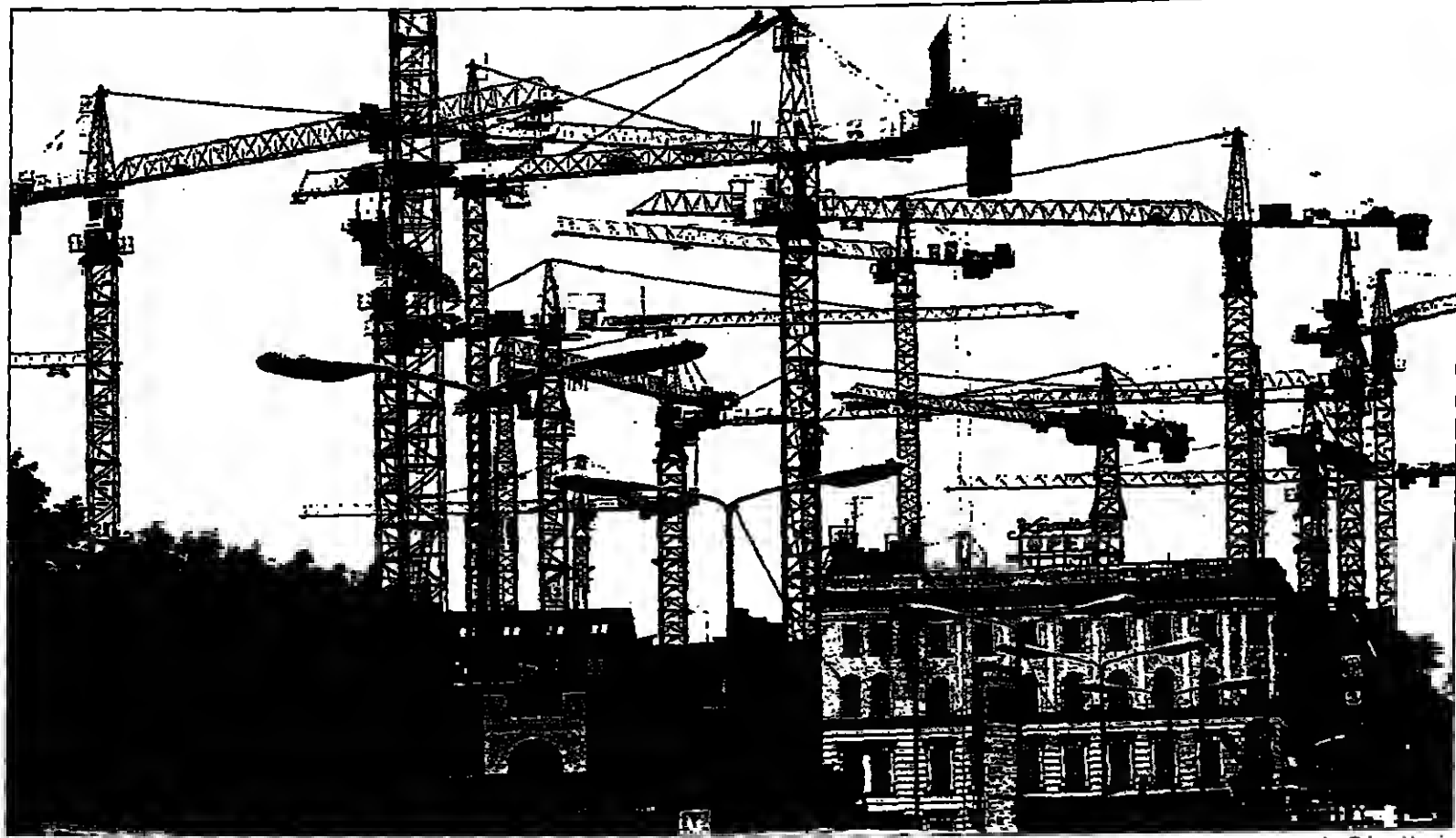
Kevin, a 34-year-old Glaswegian carpenter, has been in Berlin for three years, claims to have several girlfriends, and though he will not say how much he earns, admits that people like him get between DM22 and DM35 an hour (about £9-£15). That might be at least twice as much as he would be earning in Britain, but

by German standards he is slave labour.

So concerned are the German trade unions that they are prepared to go on strike on Kevin's behalf. Well, perhaps not on his behalf, as they claim, but in defence of the interests of German workers who cost their employers up to DM65 an hour. The unions argue, not unreasonably, that Kevin and his pals are pricing German workers, 350,000 on the dole at the last count, out of the market.

Matters came to a head last week when the main employers' federation, the BDA, vetoed the government's proposal to introduce a minimum wage of DM18.60 an hour in the building sector. The measure would have been the first step in a series of swoops on foreign workers. The administration of the new system would have required checks on building sites; an unwelcome intrusion into the unregulated labour market. Though most Britons would clear the wage hurdle, they and their employers pay no social security contributions which boost the cost of a marginally better paid native worker.

The BDA's unexpected veto provoked anger among unions, opposition politicians, and even some construction companies that are being squeezed by the smaller cowboy outfits' "wage dumping". IG Bau, the building workers' union, had only just agreed to a tiny pay rise in re-



Sky high: Low cost foreign labour means construction firms can keep within their tender prices for rebuilding central Berlin. Photograph: Brian Harris

turn for the minimum wage, and is now dropping dark hints of conflict between foreigners and Germans on the sites. "My colleagues are absolutely furious," said Klaus Wieselhuber, leader of IG Bau. "And some have said to me: 'We must take matters into our own hands when no

one else is prepared to help us.' Help will not be forthcoming in a hurry. Too much prestige and too many vested interests are attached to the capital being completed by 1999 at the prices tendered. Without foreign workers, the cost overruns would be huge, and Kevin

thinks the native workers would not be up to the task. "In the Communist regime it took four people to do one man's job," he says. "This is still East Germany. The German mind is not good enough to do the amount of work I do."

Whatever their relative mer-

its, it is true that a unionised German worker would not do Kevin's 50-hour week, and when the temperature dropped to -15 degrees last winter, the Germans did not emerge from the canteen.

As the unions point out, even the British only do this be-

cause they have no choice. Driven from home by unemployment or low wages, the foreign workers must abide by the rules of the game: no paid holidays, no sick leave, no social security, and not even a guarantee that they will get paid at the end of the week. Paul, also a carpen-

ter from Scotland, arrived here six months ago. He had completed his apprenticeship and sought work in London, all in vain. "You keep looking, but there's nothing," he says.

So he came to Berlin, where his mates assured him the roads were paved with gold. Finding a job was easy enough: the Irish puts act as an informal labour exchange, with vacancies advertised by word of mouth. It did not work out. "First job I was here I got ripped off," he says. "Six weeks I worked and they didn't give me any money."

Being ripped off is an occupational hazard in Berlin. Kevin estimates he is owed DM6,000, money he will never recover from the crooks who prey on foreigners. Their victims, illegal or semi-legal workers, are hardly in a position to sue.

More time-honoured traditions for settling scores in the building trade are also inadvisable. "One of my friends is on the run because he beat up a sub-contractor," says Paul, who concedes long ago that the only sensible response to such adversity was to "pack your bags and move on".

But there are some who cannot cope with penny, and take to shop-lifting, the bottle, or worse. "There's a small number who can't handle Berlin, and they get fucked up with booze and drugs," says Kevin.

Yet despite the difficulties, Kevin has no intention of giving home, and Paul is settling in nicely. He has just moved into a small flat with a large number of his mates. "It's a shit-house," he says. "But it's better than what I had in England."

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## Europe's human rights watchdog starts to bite

The Secretary-General of the Council of Europe tells Tony Barber in Salonika why ex-Communist states want to join

Even supporters of the Council of Europe would admit that many people, particularly in western Europe, have never heard of it, or have only a hazy idea of what it does. Yet almost 50 years after its foundation in 1949, the Strasbourg-based institution, whose task is the promotion of human rights and democracy across Europe, is acquiring more weight than perhaps at any time in its history.

One could even say it is becoming somewhat controversial. This was underlined at a recent meeting in Salonika, when members of the council's parliamentary assembly took the virtually unprecedented step of warning an applicant country, Croatia, to improve its human rights performance if it wanted full membership.

"Our main objective is to promote the core values of pluralist democracy," the council's Secretary-General, Daniel Tarschys of Sweden, told the *Independent*. "There must be certain minimal conditions to be fulfilled. We can't just take in any country."

Not much was heard of the council from 1949 to 1989, during which time its membership was confined to Western European countries. Its role in the Cold War was mainly to demonstrate how these states had embraced freedoms denied to the

Soviet-controlled countries of the East.

Since the fall of Communism, however, the number of member-states has risen from 23 to 39 as new democracies in Central and Eastern Europe have flocked to join. Clearly, these states believe that membership matters, perhaps because it is taking them so long to achieve the bigger prizes of entry into the European Union and Nato.

Mr Tarschys, a former professor of Soviet and East European studies at Uppsala University, said Council of Europe membership was important to a Central or Eastern European state. It served as proof that the state was considered democratic; it showed the country was hindering itself into free European institutions; and finally, for some new-born states such as Moldova, or the former Yugoslav republic of Macedonia, it underlined European acceptance of their independence.

Notwithstanding the recent warnings to Croatia, the Council of Europe attracts criticism from politicians and commentators who say it has turned a

blind eye to some countries' failings in order to expand its membership as fast as possible. The most obvious example concerns Russia, which was admitted early this year despite widespread concern over the war in Chechnya and the quality of Russia's political and legal systems.

Another example involved Romania in 1993, when Hungary argued for delaying Romanian membership on the grounds that Bucharest was still discriminating against the country's ethnic Hungarian minority. In the end, Hungary abstained in the vote, allowing Romania to join.

Significantly, when the vote on Russia was coming up, President Boris Yeltsin publicly warned rejection of the application would damage Russian relations with the West. It was a sign of how seriously Moscow took membership of the council, an institution denounced in Communist times as a vehicle for Western propaganda.

Mr Tarschys acknowledges that some states, especially those with "an interrupted democratic tradition", such as the

Czech Republic, Hungary and Poland, presented the council with few problems when they applied to join. "As we came further to the east, there were more doubts as to whether some countries were ready for membership. I pleaded for an inclusive strategy," he said.

The "better-in-than-out" argument rests not only on the assumption that it is easier to influence a country's behaviour when it belongs to the council. It reflects the view, put by Mr Tarschys, that the council's activities are "not just a finger-pointing exercise" but are intended to encourage reform.

A variety of new programmes are in place to help strengthen democratic institutions and the rule of law in Eastern Europe. One is a Council of Europe Youth Centre in Budapest, where young Europeans exchange ideas about human rights, political extremism, unemployment and other issues.

The council is also involved in the post-war reconstruction of Bosnia, for under the Dayton agreement the council was asked to help set up a Bosnian human rights commission and a constitutional court. A sign of the council's growing importance is that the United States, Japan and Canada have all recently requested, and been granted, observer status.

## Don't mess with the monkey

### DELHI DAYS

If Rudyard Kipling were writing about India in the late 20th century, he might be tempted to change the *Jungle Book* around. Instead of having Mowgli, the man-cub, raised by wolves in the jungle, Kipling might be inclined to tell tales of the monkeys living in New Delhi who have become eerily human.

Monkeys and men have co-existed for so long in India that, inevitably, the primates have acquired some human traits. As Iqbal Malik, a primate specialist, explains, "In the forests, monkeys are shy creatures, but in the city they become very confident and quite aggressive. They will try to pull off a woman's sari."

You find monkeys riding public buses, like morning commuters. Wisely, they seem to mimic politicians in their choice of habitat and behaviour. While in Bombay they might take after businessmen, even a monkey is smart enough to figure out that in the capital, it is the politicians who are highest on the food-chain. You find thousands of monkeys living around the North and South Block buildings used by the MPs.

Monkeys have even invaded the Rashtrapati Bhavan, the regal old viceroys' palace which is now used by India's president. They importune the president when he strolls through his rose gardens, and even his crack commando bodyguards, with their karate kicks, can't shoo

them away. And - just like MPs in any country - the monkeys periodically swagger into the government ministries, ripping out long-forgotten files and causing much fuss in whatever office they visit.

Urban living affects the monkeys the same way it affects humans: they become more aggressive and short-fused. In other words, monkeys in New Delhi experience road rage.

You don't find monkeys driving - yet. But the commuting monkeys get just as exasperated with public transport as do Delhi-walkers. Thus, one monkey hopped on the same bus every morning, chose the same seat and got off at the same stop. The other passengers were accustomed to this. One day, the monkey swung onto the bus as usual and found another commuter in his seat.

Using tact and gentle manners, the monkey politely tugged at the interloper and tried to get him to move. The man refused and committed the cardinal sin of primate etiquette: he looked the monkey straight in the eye. Never look a monkey straight in the eye. It's even worse than laughing out loud at their shiny, red bums. You are challenging his dominance, begging him to sink his

teeth into your face. Need I say more? The monkey got his seat back.

This was not an isolated case of monkey road rage, either. A fortnight ago, bus number 260 pulled up outside the Railway Ministry near India Gate and, along with the other passengers, a monkey clambered aboard. The bus conductor happened to forget another rule of Monkey Dos and Don'ts: never resort to violence unless, mafia-style, you plan to exterminate the monkey and all its relatives, or you plan on leaving town immediately after. He messed with the monkey.

The next morning, the monkey was back at the Railway Ministry bus stop. Teeth bared, the monkey jumped onto every bus that halted until he found the one with his conductor. (There is a second version to this story, which appeared in the *Indian Express*, in which the monkey returns with reinforcements, a platoon of other male monkeys. This exaggeration could have been spread by the conductor himself. It is, after all, rather embarrassing to go one-on-one with a member of a squat, lower species and lose.)

This monkey did a very bright thing. He went for the driver

first, knocking his hands off the wheel and forcing him to stop the bus. (I suspect that the monkey picked up this trick from watching Keanu Reeves in *Speed*.) Once the bus was stationary, the monkey lunged at the conductor, who fled in panic. He took refuge in a jeep, but the monkey forced him out.

For the most vivid description, I quote the *Indian Express*: "The humiliated monkey went up to a cop, tapped him gently on the elbow and pointed at the locked car. Obliquely, the cop went to the locked car... and ordered the man to open up."

Experts I've spoken to say this is nonsense. Ms Malik, the primate specialist, explained, "Monkeys are apprehensive about men wearing uniforms and boots." Quite right. Monkeys, like people, have learned through bitter experience that asking a cop for help always leads to more trouble.

Anyway, this monkey slapped around the conductor, took bites out of a few painful places, and chased him into the railway ministry. From there, the injured conductor limped to hospital. Yesterday, the monkey was back outside the Railway ministry, pacing angrily. A bet-but seller on the corner was sure he was waiting for the conductor.

It's a different kind of jungle out there from Mowgli's.

Tim McGlirk

سكيا من الامم



# Sound the alarm bells for Turkey



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The fall of Turkey's conservative government yesterday should set alarm bells ringing in the West. It is not that the country is about to be delivered into the hands of the Islamist Welfare Party, though that is possible. What should concern Turkey's friends in the West is how badly the established parties have bungled things, for it is that which has given the religious party its entrée.

Turkey is avowedly a secular state, though in practice, the links between mosque and state are strong. But as a modern nation, rooted in the modernising ethic of the Kemalist revolution, it has made an effort to subordinate religion to the needs of the state. The Welfare Party stands in opposition to that tradition.

It is not just Turkey where the attempt to divorce government from religion is under threat. India, too, is a secular state, where the aim has been to bridge the sectarian divides that run through a sub-continent. That is not a vision to which the Hindu Nationalist BJP subscribes: it wants to enshrine the defence and assertion of Hindu values. In Israel, too, the smaller religious parties did well at the recent elections.

There is a plausible argument that sees the very idea of the secular state as being under threat, divorcing as it does the practical business of government from the defence of strongly felt local cultural and spiritual values.

Samuel Huntington, the American academic and former national security official, has argued that religious cleavages will constitute the next great international battle lines, replacing the ideological split of the Cold War years. It is superficially attractive, as a saloon-bar version of international affairs. Fundamentalism is on the rise, Islam is a threat, and hence it is time to go back to the barricades again.

This is a useful idea if you're trying to sell a book, or revive the international arms industry, or launch a crusade; but it wilfully misunderstands the dynamics of the countries where religion is on the rise. There is no single force for fundamentalism, nor any necessary confrontation building between Christian and Islamic states.

There are, undoubtedly, many factors pressing electorates to abandon the established parties of government, and to seek salvation in more traditional credos. The past decade has seen surging pressure for free trade, open markets, and an end to traditional power structures. The globalisation of industry, financial markets, and media has little time for local sensibilities. These pressures have been particularly keenly felt in those nations that stand on the brink of entry into the developed world, where rapid industrialisation has dislocated fragile social and economic structures.

The established political parties in

many of these countries are rotten to the core. India's Congress party crumbled at the polls because its moral authority and probity had already disintegrated. Turkey's left is divided and weak; its right- and centre-right parties have proved incapable of maintaining a coalition government, and a whiff of corruption hangs over Ankara. With friends like this, secular liberal democracy has little need of enemies.

Secular liberal democracy is an ideal to be defended. Those who want to undermine it should be fought, tooth and nail, because they threaten tolerance, social progress and (in many

cases) freedom. But that should not blind us to the fact that, very often, they succeed because the forces that are defending the secular state are culpable of worse stupidities, sometimes in the name of nothing more praiseworthy than personal gain.

Necmettin Erbakan, 70, who leads the Welfare Party, is not a particularly savoury character, to say the least, with his ridiculous idea of an anti-Turkish Zionist and capitalist plot. The religious vote in Turkey is probably no more than 10 per cent. But the Welfare Party won 22 per cent of the vote in the December 1995 elections. Their success, like

that of the far right, owes more to the weakness of the centre than to any great longing in Turkey for an anti-Western revolution. Welfare does a good job in local government; many of its supporters are far from being anti-Western zealots; and it did, after all, come first in the elections. That is why Turkey's secular elite is ready to make cautious overtures to the Welfare Party, aware of both the party's popularity, and the growing difficulties of forming a government any other way.

Does it matter to us? Only 10 seconds' reflection on the history of European warfare over the past couple of hundred years leads to an understanding of Turkey's crucial geographical position, and the ethnic and ideological mix that results from that location. The stability of Turkey is vital for the West, and for Europe in particular. There is unrest all around: to the west in the Balkans, to the north in the former Soviet Union, to the east in the Caucasus, and to the south in Iraq, Iran and Syria. But the country's strategic importance, and knee-jerk rejection of Islam, should not blind the West to the inadequacies of its present leadership.

Mesut Yilmaz, the Prime Minister, and Tansu Ciller, Turkey's glamorous former prime minister and darling of the international conference circuit, have dismally failed to put together a coalition government so far, because of

the enormous personal animosity that each feels for the other. Let them fight; let Welfare try its hand at forming a government. If it shows signs of trying to steer the country onto an anti-Western path, then the alarm bells must be sounded. But, surprisingly, the biggest present cause for concern is the miserable inadequacy of the secular mainstream, not Islamic reaction.

## Give us sports folk any day

So here we go, the wonderful summer of sport. The Test series opened yesterday, Euro 96 kicks off tomorrow, soon it'll be Wimbledon, then the Olympics. Oh heaven! Oh horror! Should we all stay in with our mates drinking six-packs and watching telly, or be out watching weepies with our girlfriends?

One view says sport sublimates ugly tribalism: look how much time and money we spend rounding up hooligans. But really, the struggles acted out on turf, track and water are one of the most therapeutically successful ways of behaving competitively without going to war or smashing up your local shopping precinct. Sports folk are, well, just nicer than politicians, movie stars, business leaders, and virtually anyone else you care to mention. Aren't they Eric?

## LETTERS TO THE EDITOR

### EU threat to our public services

Sir: You are right to oppose a European single currency and Economic and Monetary Union (EMU) on grounds of democracy and the defence of our public services (3 June).

For the UK to meet the economic criteria, this will require cuts of £18bn in our public services, in addition to those made in the past 17 years by this Tory government. How can anyone criticise the Tories if we in the Labour Party are willing to do the same, or even worse, in destroying those services?

These cuts are not of a temporary nature, but are a permanent feature and legal obligation set out in the Maastricht Treaty. Anyone doubting this should read the Treaty text, something the Chancellor has recently done. The process creating the EMU and the single currency will also transfer powers on the major economic policies from democratically elected governments to European central bankers, who are appointed for eight years and who cannot be removed. Indeed a future Labour Chancellor of the Exchequer would be acting illegally even if he tried to influence those bankers on issues such as unemployment.

Many of us will find it impossible to support EMU and a single currency if it comes to a vote in Parliament. The leaders of all the political parties should realise this and should instead defend democracy and our public services.

LLEW SMITH MP  
(Blaenau Gwent, Lab)  
House of Commons  
London SW1

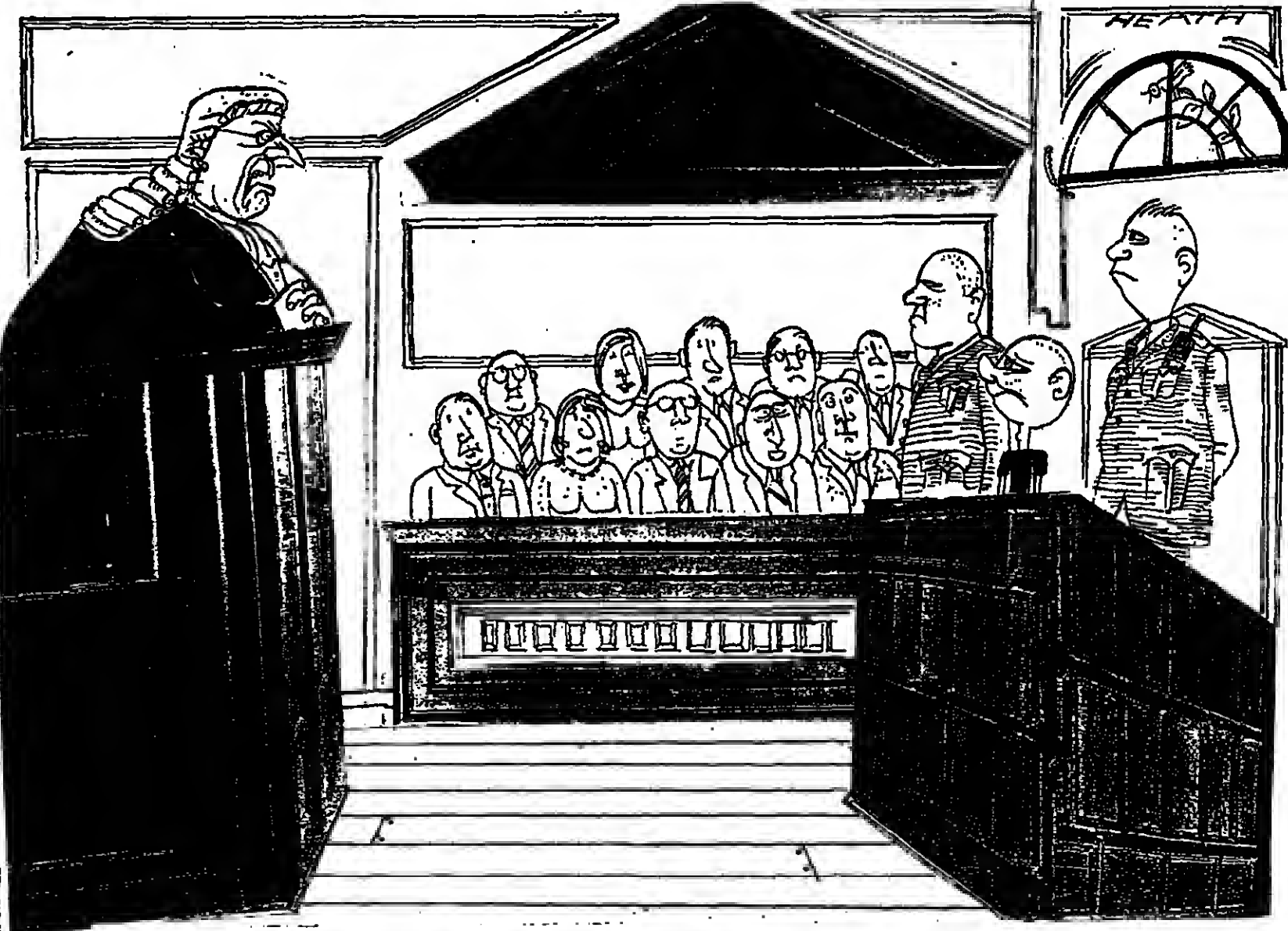
Sir: Warmest congratulations on your leading article about the European Community. At last a reasoned debate will be possible.

Perhaps the greatest obstacle in the way of such debate has been a combination of misinformation and lack of accurate information. Britain has been in the EC for over 20 years, yet very few people, even among the highly educated and politically minded, could tell you accurately about how it works and what it has done.

Discussions happen in other member states and within the EC institutions, for example, on how to make the EC more democratic. This has been a continuing concern from the beginning. Just because of concern for democracy, it would have been impossible to do as you suggest and set out plans for a federal union in detail right at the start. Instead there has been a step-by-step approach, requiring public agreement at each stage, attempting an "ever-closer union between the peoples of Europe" and not just between their governments. The purposes have been frank and the processes open from the outset, and if some of our politicians have not grasped them the blame is not the Community's. I often wonder how many of the parliamentarians who speak about the EC have actually read the Treaties, visited the European Commission or listened to the European Parliament.

ANN DUMMETT  
Oxford

Sir: Your pioneering leading article on "Britain in Europe" (3 June) ended, surprisingly, rather lamely. For, after one of the most persuasive arguments for



'You will be taken from here and spanked by Tony Blair'

European integration to be seen in the British press for some years, you nevertheless suggest that what you were doing was unfurling the flag of "confederation".

In reality you were doing no such thing. The article was rather a plea in all but name for a "federal Europe". I got the very distinct impression that the word "confederation" was thrown in at the end in order to appease sensibilities during this current wave of anti-European primitivism and nostalgia.

Instead of such appeasement those who support the European cause should unabashedly proclaim the merits of federalism. After all, and contrary to the ill-educated proclamations from many Westminster politicians, a federal state is essentially a decentralised polity locating entrenched powers at sub-centre level. In fact, a federal Europe would be more decentralised than the UK for which, ironically, so many of our Eurosceptics fear for the future. The UK is a unitary super-state with a single currency. The kind of Europe which your leader envisages is not a super-state in that sense at all.

Professor STEPHEN HASLER  
London W8

### Flying ace

Sir: I have been annoyed, then intrigued, by a fly which has been going round the room I am in for some five minutes before settling. Two questions arise: how long can a fly manage to fly around without pause; and, if translated into human terms, what would be the equivalent endeavour?

PHILIP WEBSTER  
Derby

### Daily dilemmas for the poor

Sir: I was saddened to see Simon Brooke's letter (5 June) and to read his arrogant and scathing remarks about people faced with poverty and living on means tested benefits.

Indeed people in poverty do have to make daily choices about what to spend their money on - do they feed their children or pay the electricity bill? Do they keep their children away from school because they can't afford to buy them shoes?

Many families struggle to survive on as little as £3 per person per day for housekeeping - I wonder what Mr Brooke paid for his lunch today?

A single person on Income Support has less than £7.50 a day to pay for food, electricity, gas, water rates, clothes, toiletries and travelling.

In Cornwall there is extremely limited public transport and claimants have often no alternative but to hitch to their nearest benefit agency - no mean feat if one has young children.

Perhaps Mr Brooke would gain much from spending time with those who work with poor people so that he could better understand the issues that the Joseph Rowntree Foundation so properly reported on.

ALISON H. MANDEVILLE  
Manager  
Liskeard Citizens Advice Bureau  
Torpoint, Cornwall

### Striking a blow at the press

Sir: Polly Toynbee's piece on the *Daily Mail* seemed to express what many feel about the damaging power, and confused and hypocritical morality of the press (and I am not sure we should confine this judgement to the tabloids).

With a certain thrill we read of her careful manipulation of the journalists' craft and her use of "contacts" to combat an intrusive and mischievous piece of story fabrication. But this misses the point: Polly Toynbee may have been able to get her retaliation in first and strike some sort of blow for those who suffer press harassment, but how do those less privileged in access to the front page of a national newspaper "throw it back"?

G C WOODS  
Strettonbury

### Back-seat driver

Sir: The vocal device which Rabbi Dr Reuven Silverman suggests should be a standard in-car firing (Letters, 6 June), to warn a driver of "the perilous consequences of his actions" when recklessly overtaking or tail-gating, was first developed some years ago and is an optional extra from the Maker: Genesis 2:18 "And the Lord God said, it is not good that the man should be alone: I will make him an help-meet for him."

BILL LYONS  
Little Hayfield, Stockport

### Why Hitler must have known

Sir: reading your summary of the opening gambits of Irving versus Sereny ("Irving and Sereny go to war", 6 June) reminded me that in 1977 Albert Speer commented on David Irving's book. Speer said that "it was ludicrous for anyone to claim that the extermination of the Jews could have been anyone's idea but Hitler's."

He goes on to say, "It shows a profound ignorance of Hitler's Germany, in which nothing of any magnitude could conceivably happen not only without his knowledge but without his order."

That coming from the man who was probably closest to Hitler is far more convincing than any little game Mr Irving might like to play.

DAVID G GILES  
London SW7

### Middle East peace still alive

Sir: Robert Fisk has jumped the gun in proclaiming the Middle East peace process dead, and not for the first time (5 June). Since September 1993 he has informed your readers that the Israeli-Palestinian negotiations were about to collapse or had already done so. Despite his predictions, the admittedly fragile process took root and has created the beginnings of a very different Middle East.

The results of the Israeli elections are far more complex than a referendum on the peace

process. Netanyahu campaigned on maintaining and implementing the Oslo agreement and so a vote for him is not a vote against the peace process. In the Knesset elections parties supporting the Oslo agreement won 64 seats out of 120.

In these circumstances the international community, including the European Union, has a major responsibility to act in every way to strengthen the dynamic towards peace in the region. This must mean increased economic assistance and diplomatic relations with the Palestinian National Authority and a creative relationship with the new Israeli government.

JOHN STRAWSON  
School of Law  
University of East London

### A poet's macabre gratitude

Sir: In your "First Encounters" feature (Magazine, "When Algernon Swinburne met Victor Hugo", 1 June), Nancy Caldwell Sorel mentions Algernon Swinburne almost being drowned in Normandy in 1868.

He was rescued by Guy de Maupassant, who was on holiday at the resort of Etretat. Swinburne was so grateful to De Maupassant that he allowed him access to a collection of macabre objects in his possession.

One of these was a severed hand which De Maupassant kept for several years and used as a paperweight.

DAVID BEALING  
Managing Director,  
People in Pictures Ltd  
London EC1

### Futility of learning by rote

Sir: The so-called progressive teaching methods arose from research into how children learn (report, 1 June). In particular, as regards mathematics, it was found that children who had been taught by formal methods had little understanding of the processes of mathematics. Many teachers felt inadequate to teach maths because they themselves had learned by rote, without understanding.

Those who were teaching before the war and in the Forties and Fifties, by formal class methods, were aware of the shortcomings of these methods and witnessed the excellent effect of "progressive" methods on standards of literacy and numeracy. The reasons for the present decline in standards are due to many causes, many of which lie outside the classroom. A return to "old fashioned" methods will not solve these problems, but is likely to increase them.

Those who have worked closely with children over many years are aware that they do not learn by such methods, other than parrot fashion. The pace of teaching leaves slower children bewildered - and they switch off: the brighter ones, for whom the pace must of necessity be too slow, also switch off. The method is ineffective and wasteful. Our motives in planning the work of schools seem to be geared entirely to the economy of the market place, with little consideration for the importance of character training and the development of the whole person. Values that used to be considered of prime importance.

It is believed that reading, writing and mathematics are simple skills, able to be acquired by all children, given the "right" teaching. These, in fact, are very difficult skills, whose complexity is generally underestimated. What the "right" teaching is has yet to be determined. We do know, from research and experience, what it is not.

Mrs ELIZABETH LAWRENCE  
Chilcock, Dorset

Sir: I can imagine the outcry from Ofsted if a school said "Sorry, we do not have time to teach music because we are concentrating on the basics", complains Peter Brinton (Letters, 4 June).

A Swiss survey of 1,200 seven to 15-year-olds (reported in *New Scientist*, 18 May) found that children who had five music lessons per week performed better at language, and no worse at maths, than children who had one or two music lessons per week - and were also better behaved.

More research may be needed, but this certainly undermines Mr Brinton's unwritten assumption that extra time spent on "the basics" is the best way to improve children's competence in them.

JOHN A CRAM  
Leeds

Sir: there seems to be general agreement that a mixture of whole class and group teaching works well. However, in a typical classroom built in the 1960s, if you have a class of over 30 children, you cannot arrange modern classroom furniture in lines and fit in all the children. One of the teachers I work with tried it and we found the tables were too wide and we could not have all the children sitting facing forward. People over 50 will remember the narrow tables and attached seats that we used to fit in.

Mrs R V HOCKING  
Newport, Gwent



# Oh, southern England, hot hectares of sunflowers under an azure sky

It is 2056 and Britain is unrecognisable. Peter Popham on life after global warming



Greg Smith rose before dawn, because this was the time when it was possible to do things. An hour or two later, with the sun fixed in the cloudless sky like a malign, fiery eye, the tar on the London streets would begin to bubble and melt and the few people still outside would scurry for shelter. And then the silence of the city summer would return, broken only by the chirping of cicadas and the metallic rustling of the pampas grass in the abandoned back gardens.

The year is 2056, and global warming is now so familiar a reality that nobody uses the term any more. It's merely the world we live in: a world of transformed climates and landscapes, of strange new geopolitical divisions and orientations, unfamiliar new groups of rich and poor. It's a world that would seem as bizarre to us, living 60 years hence, as the world of the late Nineties would have seemed to people living before the outbreak of the Second World War.

Yet many of the changes that have transformed the world in the five and a half decades since the Millennium were foreseen by scientists who tried, ultimately in vain, to alert the world's politicians to the dangers ahead.

For Greg Smith, one year into retirement now, London's fierce summer stretches formidably ahead. It's 20 years now since the great evacuation of the city began. First, the working-class populations of the low-lying districts in the east (along with the Docklands business community) were driven out. One dreadful winter when the bitter east wind never relented, the Thames Barrier was destroyed by a freak wave and the east of the city as well as much of Essex was inundated.

But then a more gradual exodus began, even from the upland parts of the capital that remained dry. Built for temperate conditions, the city became unbearable as each year the summer grew hotter. It became a city of intolerable extremes: bitterly cold winters punctuated by ferocious storms and wild floods; harsh, burning, pitiless summers, when the

only recourse was to keep the air-conditioning on full blast – and swallow the massive fossil-fuel tax incurred. The only escape was to move northwards, to the zones where life could still be sweet.

The chief consolation of the exodus was that London's property prices had plunged, and Smith had managed to pick up for a song a splendid mansion in Hampstead once owned by a 20th-century pop singer called George Michael. It was in ruins, but it was still a splendid pile. Now, as he sat in his underwear looking down across London to where the swollen Thames – which had long since obliterated the Houses of Parliament and the South Bank arts com-

plex – gleamed fiercely in the sunshine, and ate a breakfast of grapes sent down by his son in Macclesfield, he wondered idly how he was going to kill time that summer.

A submarine exploration of the sunken towns of the south coast? Brighton, its Royal Pavilion intact under the waves and glinting palely, was said to be particularly spooky and cooling. A trip along the new freshwater canal built – in the teeth of massive and bitter Welsh protests – to feed the south of England with drinking water from Snowdon?

He leafed through the travel agency's brochures. Another journey north, to his son's place south of Manchester, was much

the most tempting option, but he didn't want to abuse their hospitality. Besides, a lingering pride in his southern roots drove him to seek out things about the south still worthy of admiration. Though such things

## The homely little fields of his youth had been amalgamated into mighty prairies

were, admittedly, harder and harder to find. His motoring tour of Kent last summer with an old friend had proved deeply depressing: all the hedgerows and woods torn down, all the ponds filled in. The homely little fields of his youth had been amalgamated into mighty prairies, where rows of tall, bushy sweetcorn plants marched towards the horizon, and beacons after hectare of massed sunflowers nodded under the azure sky.

At the beach (several miles inland from where he remembered it) he had got sunstroke, and was bitten by a scorpion, and nearly died. On the way back to London, he was further depressed by the sight of the newly established "temporary" islander resettlement camps, baking behind high barbed-wire fences, where survivors of islands wiped off the map by

the rise in the level of the oceans – the entire Maldives were the latest victim – were incarcerated indefinitely, pending an "international solution" to the problem. "Fortress Europe" had been a phenom-

enon even in his childhood in the late Nineties, but now that vast coastal-estuary and island areas of countries such as Bangladesh, India and Indonesia had been destroyed by the sea, Europe's attitude to would-be immigrants had become far tougher. The hard-nosed approach of the Hong Kong Chinese towards the Vietnamese boat people 60 years ago was always being cited by politicians as the prudent approach: lock 'em up, then ship 'em out.

And it had all been foreseen, Smith told himself wonderingly. Many of the warnings given by scientists before the end of the last century had been astonishingly clear and detailed. Looking back through his father's yellowing newspaper archive, it had startled him how prescient they had been. As long ago as June 1996, the

Intergovernmental Panel on Climate Change had predicted many of the particulars of the changes that actually occurred: the rising sea levels, the swallowing up of islands and deltas, the increasing incidence of storms and floods, more hunger and disease, the return of menaces such as malaria to formerly temperate countries like Britain. All this had been predicted – and the underlying reason was as familiar now as the ABC: the build-up in the atmosphere of the "greenhouse gases", particularly carbon dioxide, the consequent trapping of infra-red radiation which then warmed the atmosphere unrelentingly. Separately there was the destruction of the ozone layer. Together they spelled drastic trouble.

In *Newsweek*, in January 1996, James E Hansen, director of NASA's Goddard Institute for Space Studies in New York, was quoted as saying, "As you get more global warming, you should see an increase in the extremes of the hydrologic cycle – droughts and floods and heavy precipitation." Quite right, Smith thought: monsoon-like rain has become normal in London. "The more rapidly we force change in the [climate] system," said Stephen Schneider of Stanford University in the same article, "the more

likely it is to exhibit inscrutable behaviour." Hence the strange weather first noted in the late Nineties – and it has been consistently strange ever since.

Smith sighed heavily, and dabbed at the sweat on his brow. Yet although the warming of the planet, as the environmental organisations long and vociferously predicted, had had many devastating consequences, not everyone had suffered. Many people's lives had in fact been transformed for the better. His thoughts turned longingly towards Macclesfield – Macclesfield and the glorious north.

Again, Smith realised, it had all been foreseen: Professor Martin Parry of the Jackson Institute of Climate Research in London and a member of the IPCC, had predicted 60 years before that, while the whole of Britain would get hotter, the south would at the same time get drier and the north wetter. The consequences were foreseeable: the professor had declared: irrigation, prairie-size fields, semi-tropical crops in the south. And in the north?

The slopes of the hills around Macclesfield town centre were terraced for vines 20 years back, under the eye of a French master of viticulture from Bordeaux, fleeing the desertification of his own

region. Greg Smith's son Max had had to go abroad to find lucrative work, like most ambitious children of his generation. He had mined coal in China for five years in his early twenties – yes, he knew it was adding to the warming problem, but that's where the money was, especially now the Chinese refused to do such work themselves. He had made so much money (when translated into euros) that on his return he had been able to buy one of the up-and-coming vineyards of southern Manchester, with a handsome villa – built 150 years before, during the town's previous surge of economic success – set in the middle of it.

Now he could only congratulate himself on his sound instincts. For Manchester had decisively taken over many of London's functions when the capital became too hot to bear – the City, in particular, had favoured Manchester's lush, more merciful climate, not to mention its excellent wines – and the green suburbs to the south were experiencing an apparently endless boom, as the changing climate greened its valleys and fruited its hillsides and gradually transformed it into the Province of the North.

And the good fortune was not restricted to the inland areas. More than half a century before, seemingly crazed city fathers insisted on building marinas, for no conceivable purpose, in unlikely places such as Hartlepool. But now these mad acts were revealed as stunningly far-sighted: the same marinas were throbbing night and day with Mediterranean-style life, their brilliant blue harbours alive with pretty sails. Liverpool readily re-made itself in the image of Cannes, Blackpool in the likeness of Monte Carlo.

It all had a strange, circular sort of justice to it. It was here in the north of England that the industrial revolution had been born; here for the first time greenhouse gases had been unleashed on the atmosphere in quantities previously unimaginable. Decades, centuries passed, and while the north of England languished in increasing poverty and obscurity, the revolution it had made went around the world and did its work, and the greenhouse gases went up into the heavens. Finally, today, the north was reaping the benefits of what it had originally sown. It was almost enough to make one believe in a benign God – though this was a view with which the environmental organisations were likely to disagree.

Down in Hampstead it was nine o'clock in the morning, and the cicadas shrieked and the pampas grass creaked and another infernal day was under way. Greg Smith swallowed his pride and picked up the phone. He'd go north again, after all.

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## Cancel the millennium? Oh, why not ...

I keep reading that we have a stand-off situation in the world. What is meant by a stand-off?

It's another word for fly half. No, not that kind of stand-off. I meant a political stand-off. Oh, well, a stand-off is to politics what gridlock is to traffic. You mean, everything coming to a standstill?

Yes. Has that happened ever? It is happening now. The whole political system of the world is coming to a gradual standstill.

Why? Because everyone is asking the impossible of everyone else before progress is made. Could you give me an example of this?

Lord bless you, my child, I could give you a hundred thousand examples, but let us content ourselves with a look at the situation in Northern Ireland. What do we find in Northern Ireland?

I don't know. What do we find in Northern Ireland?

We find Sinn Féin/IRA refusing to call a ceasefire before talks and we find the British

refusing to admit them to talks before a ceasefire. *Hmm. That's a stand-off then?* That's not the half of it. The Catholics in Northern Ireland want to be reunited with the South and the Protestants want to remain united with Britain. You can't have both, can you? You can't have either, really. The South doesn't want to be linked up with the Catholics from Northern Ireland and the mainland wants to be shot of Northern Ireland altogether. Anyway, the South has troubles of its own.

Life what? Like having to stage the Eurovision Song Contest in perpetuity, which could bankrupt the country. In fact, the Irish government has promised in secret to agree to anything Mr Major proposes if only Britain takes over the Eurovision Song Contest. Mr Major has said this is unacceptable. So the Northern Ireland situation remains.

You mean – nobody wants Northern Ireland? Nobody. Except, possibly, the United States. Why don't we give it to the US?



**Miles Kington**

They have troubles enough already. Such as... Their stand-off with their great Asian enemy, China?

No, Japan. The US has a huge deficit and Japan has a huge surplus and if Japan called in all its debts, the US might go bust. Is that true?

Well, it's more complicated than that, but basically, yes. And if the US went bust, it couldn't tell the rest of the world what to do.

What does it tell the rest of the world to do? Get its act together. Shape up or ship out. Buy American. Come to Atlanta for the Olympics.

That's it? That's all the advice America has for the world?

Yes.

It's not much.

Well, it also advises people not to get into a stand-off situation, like Israel and the Arabs, Iran and Iraq, China and Taiwan, Bosnia and everyone else....

Do people take any notice?

No. At least, they won't until America practises what it preaches and ceases its stand-off situation with Cuba. You'd think the Americans might have noticed by now that they have been having a stand-off with Cuba for 40 years now and have signally failed to do anything but embitter the Cuban people.

How will the situation get better?

It won't. It's getting worse. Not only do we have political gridlock, but Britain has gone one worse because, caught in the beef ban traffic jam, Britain has been infected with the political equivalent of road rage and is refusing to collaborate with anyone in Europe. A bit like a car in a country lane refusing to back up to the

only available passing place. My goodness me.

And that's not all. Britain has now started getting in a bad temper with the millennium. Mr Heseltine has said that if not enough money is forthcoming to put on a good show for AD2000, the British government is going to block the millennium.

You mean, pretend it isn't coming?

Yes. Or at least, postpone it until AD2004 by various non-co-operational tactics. Won't this annoy our foreign colleagues?

It can't annoy them any more than they are already. They can't stand the way we obstruct things, the way we close the game down, the way we kill the ball, the way we play for a draw, the way the British stand-off always gets the ball from the scrum-half and kicks far touch while the crowd shouts: "Oh, for God's sake, pass the ball and open up the game or we're all going to ask for our money back and go home!"

So that's why it's called a stand-off situation?

Precisely.



# the commentators

## Would Labour find the Treasury powerless?

Kenneth Clarke can cut interest rates, but Chancellors are far less powerful than they seem

The Chancellor decides that there should be a cut in base rates – we'll leave aside his reasons for the moment – and interest rates duly fall. It is an example of the unusual power of the Treasury, unusual, that is, by comparison to other countries, where decisions about interest rates are determined by the central bank, rather than the Treasury? Or is it precisely the reverse: an example of the way in which the Treasury appears powerful to outsiders, but actually has very much less power than many people think?

This issue is of considerable current importance. There have long been people – mostly, not always, on the political left – who believe that virtually everything that is wrong with this country is the fault of the Treasury. Every time there is some clear error of economic policy, be it sterling's experience in the Exchange Rate Mechanism or the Lawson boom, the Treasury takes a share of the blame.

But in recent weeks the debate has been given a new twist by two rather different stories. One is a spat between Gordon Brown and John Prescott about the place of the Treasury under a future Labour government. Gordon Brown would like to keep the present departmental structure, but wants to find

ways of increasing its effectiveness in encouraging a better performance by the economy. John Prescott, by contrast, does not believe that this is possible; he believes that the ethos of financial control will continue to drive the Treasury to the detriment of the real economy.

The other story was the leaking of an internal Treasury memo, just this week, in which the Treasury acknowledged that it was at least partly to blame for some of the political disasters of the Tory government. These include the Child Support Agency and the commercialisation of the blood donor service. The problem is that the Treasury mandarins take too narrow a view of the role of other departments and, by simply applying financial criteria, end up with policy mistakes. Suddenly, Treasury-phobes have not only acquired some new ammunition (now even the Treasury admits it is flawed), but also two mechanisms for firing it (either reform the Treasury à la Brown, or remove some of its economic power, à la Prescott).

We should not feel too sorry for the Treasury, for it has weathered far greater storms. Perhaps the most

serious political challenge to its power – the creation of a separate Department of Economic Affairs, in 1964, run by the then deputy leader of the Labour party, George Brown – ended in chaos with the collapse of George Brown's National Plan. The folk-memory of that experience almost certainly scared the Labour party sufficiently for it to avoid a return should it gain power at the next election.

None the less, there is a powerful case to be made that while the Treasury is still the most powerful of the government ministries and will remain so, it is already rather less powerful than it seems, and is steadily becoming less and less important as the years go by. It retains the power to make significant mistakes – though it is by no means unique among government departments in that respect – but its positive powers are becoming more and more limited.

The most obvious example occurred yesterday. The Chancellor cut interest rates. Now it is possible that his Treasury advisers disagreed with him about the wisdom of this, but for the purposes of argument let's make the unrealistic assumption that the Treasury and



HAMISH MCRAE

Labour will pull levers, but nothing will happen

incumbent Chancellor actually think the same thing. We will know what the Bank of England thought when the minutes are published in six weeks' time. So from the outside it looks as though the Treasury is exercising its power to change interest rates.

But look what actually happened in the financial markets. Bank base rates came down, but there was no immediate change in the rate of interest on consumer loans or on credit cards. Some building societies

changed their rates, but others didn't. And, most crucially, long-term interest rates, as measured by price changes in the gilt market, actually rose. Because the markets distrusted the motives of the Chancellor – or at any rate were unconvinced by his argument in favour of the cut – the actual change in rates to borrowers and savers will be much less than the headline change in base rates.

The interest-rate decision by the Chancellor probably has some effect, but very much less than the headlines suggest. Had a similar decision been taken by, say, the US Federal Reserve or the German Bundesbank, it would have been much more significant. So in theory our Treasury is unusually powerful in having the ability to set interest rates; but in practice that power is very circumscribed.

Much the same point applies to other aspects of the Treasury's work. Taxation? Company taxation is set pretty much by international competition, for no developed country can step far out of line without encouraging firms to relocate themselves. Differences in personal tax rates have narrowed, as high-earners in particular have become

increasingly mobile. Even differences in the duty on tobacco and alcohol have tended to close within Europe, as the Calais supermarkets show.

Speeding? Big decisions about spending are circumscribed by financial markets: governments can decide to run a big gap between revenues and spending and borrow the difference, but those that do eventually find they are forced to reverse their policies. So there is very little real discretion about the level of public spending. There is some discretion about what should or should not be in the public sector. Should, for example, governments sell off nationalised industries? But that is not a Treasury decision; and as virtually every government in the world is busy privatising large chunks of its economy, the political decision is more one of timing than of direction. And, of course, the more of the economy that is in the private sector, the less the Treasury is involved in its investment decisions.

None of this is to say that the Treasury is unimportant, for incompetence in running public finance can do a lot of damage. Over-zealous attempts to micro-manage the budgets of other Whitehall depart-

ments do a different sort of damage, as that leaked memo admits. Everywhere, top-down authoritarian managerial styles do not achieve the objectives they intend, because they take away responsibility from people who know what they are actually doing. Here the Treasury is simply catching up with good management practice, and not before time.

The big issue is surely different. There is a grand historical process taking place that is reducing the power of governments as taxers and spenders and increasing their power as regulators. The Treasury controls taxing and spending. Other agencies regulate. Becoming a clever regulator is becoming as important as being an efficient taxer and an astute spender.

In Britain, the trappings of power are always substitutes for real power. The House of Lords, the Royal Family, the Foreign Office, the Lord Mayor of London, all appear powerful. But of course they matter less and less. I'm sure the Treasury is heading, albeit more slowly, in the same direction. A new Labour government would discover just that. They will pull the levers at the Treasury and expect things to happen, but they will find that at the other end no one pays that much attention any more.

## Invasion of the prying press



Andrew Marr, editor of the *Independent*, defends legitimate journalistic inquiry but draws the line at intrusion for entertainment

Intrusion is the editor's secret vice. Millions of readers of all kinds of newspapers are hypocrites-royales, priggish about the press and privacy when they talk yet finding their eyes drawn irresistibly to tales of marital intrigue, illicit bumping and private grief as the paper flicks open. The people who make newspapers are not fools: we understand the hypocrisy, we forgive it, we ponder to the baser instincts and ignore the sanctimony as so much meaningless waffle. Sex sells papers. Pain sells papers. Savagery sells papers.

And the great thing about journalism is that it always moves on. The victims of the doorstep raid, the snatched interview, the pursued children are left bobbing along behind, forgotten and unregarded. The readers have been entertained; that round has been fired, the next is already being loaded. And it is very unlikely that the reporter, still less the editor, will ever meet the victim again.

Except, of course, on those very rare occasions when the victim happens to be another member of the small club of journalists, and calls foul, as Polly Toynbee did on the *Independent's* front page so spec-

ifically yesterday. The *Daily Mail* had mounted an aggressive investigation of her (unsensational) private life because of her liberal views on divorce and other issues. Friends and neighbours were harassed. She bit back, naming the journalists responsible and giving them a good verbal belting.

Because she is a journalist too, this sort of behaviour makes it all most embarrassing.

No one should be exposed because it is fun, or sells papers

very regrettable. It is in the family. Chaps who meet at dinner parties find it hard to meet another's eyes. Oh dear. A few readers found Polly's account of being harassed by the *Daily Mail* an example of journalistic navel-gazing. But it sometimes takes someone with the power of a platform to blow the whistle on a wider problem. It wasn't that her experience was especially bad. She was being attacked by the *Mail* for her views rather than her behaviour.

But by the standards of many victims, Toynbee's experience of being harassed was mild and brief.

Yet most people I've spoken to were startled by the story. Here, we were dismayed to be told by *Mail* people that their intention was merely to let her "squirm" for a few days as a punishment for her views. We were shocked when a *Daily Mail* executive told us that they had decided not to run the story because a young boy was involved... but went on to say that if Polly wrote about what had happened, the *Mail* might well change its mind.

We were struck, too, by the number of people who contacted the paper yesterday to recount their tales of harassment over relatively minor sex "stories" or untrue rumours. Some were famous names, others not. But what was really striking was that, although the events were common knowledge, almost all of them said they didn't want to go public... they were frightened of retaliation by the *Mail*, or the *Sun*, or whoever.

One shouldn't be startled, shocked or struck by any of this. It is a common-enough occurrence and is rarely discussed only because it isn't in the inter-



Polly Toynbee, her article in yesterday's *Independent* and (right) Lord Rothermere, the *Mail's* founder with Paul Deane, its editor John Lawrence/Keith Dobney

ests of the press to talk about it. We all keep quiet. We are all "in the trade", aren't we?

No we aren't. Freedom of the press is basic to our protection from arbitrary private or state power. The right of journalists, like other citizens, to ask questions, probe and challenge is essential to that freedom. Following complex financial dealings, dodgy share arrangements, the plundering of public assets... all these are difficult things that require probing or, to put it more bluntly, intrusion. Smiling out double-standards and hypocrisy also means, on occasion, reporting the gap between what powerful people say and what they do in bed or behind closed doors.

But more and more intrusive "journalism" is prurient or vindictive. It is there, in all the tabloid papers, because readers are judged to like explicit sex stories and, vicariously, to share the bunters' thrill as another middle-aged scalp is taken, or another daughter shamed. It isn't an attack on the powerful. It is exposure for exposure's sake, directed at anyone whom anyone has ever heard of – and, increasingly, people no one has heard of.

If you are the relative of someone who won the lottery, or if your dad was famous in the Seventies, or if you were on *Mastermind*, you're fair game. None of this has anything to do with freedom of the press. It is entertainment, sometimes with the willing complicity of greedy or stupid subjects, and at other times an emotional blood sport. It makes me a supporter, in principle, of privacy legisla-

tion that distinguishes sex from finance, and includes an overriding public interest defence.

There is no reason why MPs or journalists or anyone else in the public eye who are hypocrites shouldn't be exposed. But no one should be exposed simply because it is fun, or sells papers, or helps make an ideological point. And for anyone who isn't a public figure, their private lives should stay firmly private.

Almost every well-educated graduate in the country seems to want to be a journalist. People fight and lobby to get a toe-hold in this lucrative, fast-moving business. One of the reasons is the journalism myth as fostered by the Watergate film and many more – the myth of heroic, principled truth-seekers, confronting power and

coming off best. But what happens to hundreds of journalists today? They become drawn into something very different, something utterly debased – the bullying of vulnerable people, by stroger people, for casual entertainment.

In short, they become the same problem they joined journalism to fight against. By naming names and attacking the *Daily Mail* yesterday, Polly Toynbee broke a journalistic taboo. She may well have sparked off a small civil war in the trade. If so, it's a welcome and a necessary war and one we will fight with very great relish.

An everyday story of how the *Daily Mail* digs its dirt – and how to throw it back



John Lawrence/Keith Dobney

## Beware of fibs in Euro-sceptic clothing

Membership of Europe isn't adding £20 to your food bills or ruining the economy, says John Lichfield

The BBC *Nine of Clock News* informed us the other night that the higher price of food inside the European Union costs the average British household an extra £20 a week.

If true, this is a stupendously scandalous figure. We should leave the EU immediately.

The figure was broadcast to the nation as part of a two-minute survey of the costs and benefits of EU membership by Peter Jay, the BBC economics editor, former British ambassador to Washington and a man of considerable prestige and eminence.

But consider for a moment the implications of the number (as Mr Jay presumably did not). The average British household, according to the Government, spends a total of £31 a week on food. Can £20 of this really be the fault of Brussels? If the BBC is right, 66p of every pound we spend on food should be blamed on the margin by which EU farm prices are higher than "world" prices. Put another way, if we were outside the EU, the average British family would need only £10 a week to feed itself.

There must be another explanation and there is: Mr Jay's figure is absolute nonsense. Based on the only recent detailed study of the subject, by Erasmus University in Rotterdam, a more accurate figure would be £3.69 a week extra per household.

This is nothing for the EU to be

proud of. It implies that our food costs are something like 12 per cent higher than they might be if the Common Agricultural Policy did not artificially support farm prices. If one includes the cost to the British taxpayer of sustaining CAP subsidies it adds another £2.88 per household. This gives a grand total CAP charge on British households of £6.57 a week: significant enough, but less than one third of the BBC figure.

My point is not to defend the CAP. It is no longer the voracious, money-eating and mountain-spawning monster of the Eighties but further retrenchment and reform is needed (and planned). My point is to issue a health warning about all figures used by Euro-sceptics – and some used by Euro-fanatics – on the costs and advantages of EU membership.

The £20 figure used by Mr Jay has been current in Euro-sceptic circles for years. Its provenance is a mystery. It was over remotely accurate. It has been handed down from Teddy Taylor speech to *Daily Telegraph* editorial until it has assumed the force of canon law.

Another egregious example is the number that has been quoted for the past eight years as the annual amount lost from the EU budget by fraud. At the risk of breaking the journalistic brotherhood's vow of silence, I can reveal a startling fact. This figure – £6bn – was invented from fresh air by members of the Brussels press corps when the European Commission

refused to give them a precise number (largely because no one truly knows). It has been used by the British press ever since; it has no basis in reality. The real figure could be higher, but it is most likely far less. The proven figure is just over £110 a year.

Beef war or no beef war, we have been engaged for years in a propaganda battle in which the Euro-sceptics have generally had all the best lines. The European Union is far from

perfect, no political institution is. But it is remarkable how much the attitudes of even intelligent, Euro-positive or Euro-realistic people in this country have been shaped by dubious Euro-facts. (Some of the blame for this must fall on the European Commission for failing to counter the most egregious falsehoods more vigorously.)

Mr Jay's report on Monday evening contained two other doubtful claims. He said the British net contribution to Europe – the difference between our payments to Brussels and EU spending in Britain, including Lady

Thatcher's hard-won rebate – was running at £3.5bn. This was based on a misreading of incomplete figures for 1995-96. The British government puts the figure at £2.9bn and this is likely to be revised downwards. In 1994, the last year for which final figures are available, the UK net contribution was £897m or roughly £16 a head. Five other EU countries made higher per capita net payments than we did.

In any case, the figures are not so buge. England's net contribution to Scotland – the difference between Scottish taxes and UK government spending in Scotland – is running at £7bn. (Perhaps it is time for England to leave that Union too!)

Mr Jay also implied that Britain was getting a raw deal in its trade with the other EU countries. He reported that in 1994 we ran a trade deficit of £7.5bn with the rest of the EU but had a £6bn trade surplus with the rest of the world. Implication: we should trade more with the world and less with the EU.

The 1994 figures are a misleading snapshot taken from a sequence that tells quite a different story. In the 21 years of British membership of the EU, up to 1994, our combined deficit with the rest of the world was 50 per cent worse than our deficit with Europe. Deficits are in any case only a small part of the picture. The deficit with the EU – though real and something we should seek to cure – repre-

sents a small proportion of our combined trade with our European partners: now running at about £78bn and £74bn out. Over 43 per cent of all our exports of goods and services now go to the EU. Since 1975 they have grown by seven and a half times: our exports to the non-EU have grown by two and a half times. What really matters is the volume of economic activity, and the pace of export growth, not the marginal deficit.

Economic and political arguments for and against the EU are used disbelievably by both sides. For the diehards of both camps, the core argument is political, not economic. Would Euro-sceptics still be against EU membership on nationalist grounds even if it was manifestly causing great prosperity in Britain? Would Euro-federalists be for EU membership on peace, security and romantic grounds if it was manifestly causing great economic suffering? Sometimes one suspects that the answer would be yes in both cases.

In truth, the EU is not causing us great economic suffering or vast prosperity. The figures are not as conclusive as pro-Europeans would like, but they are, overall, encouraging for those who believe Britain's best future, economically and politically, is with Europe. The numbers are nowhere near as negative as the Euro-sceptics – and the BBC TV news – would like us to believe.

## Helpful Advice From Dr Vernon Coleman

### IRRITABLE BOWEL SYNDROME?

IBS is a painful disorder that can ruin your life. I used to suffer terribly from IBS, and had all the usual symptoms (pain, wind etc) but conquered the problem using a simple, two-step control programme. Since then my symptoms have virtually disappeared and the quality of my life has improved beyond measure. Now you can share the information that gave me back a normal life. I have produced a book called "Relief from IBS" that explains the methods I used to solve my IBS problem. The advice is written in an easy-to-follow style and includes a series of simple, practical guidelines designed to help you deal with your IBS in the same way that I dealt with mine. The topics covered include: causes and symptoms; how to look after your digestive system; relief from wind; tips on how to cope with stress; foods that can make things worse; and much, much more.

Having suffered from IBS for several years I know what a devastating effect it can have on your life and I hope my book will be able to help you. You can try my advice without risk – if you don't find the book helpful then simply return it to me within 28 days of receipt for a full refund. See box below for details of how to order.

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I am a doctor with years of experience in general practice and have diagnosed and treated countless hundreds of patients who have this often troublesome problem. But it isn't only doctors who can help – there's an awful lot you can do yourself to help overcome the symptoms of arthritis. For this reason I decided to write a book which gives all the advice and information you need to help you reduce your arthritis symptoms. Thousands of people have already benefited from my advice on health matters and now you can share the information I have gathered over the years – while working as a family doctor and hospital doctor. The book contains all the information you're likely to need, including: getting the best out of drugs; controlling pain; diet and arthritis; helpful alternative treatments; what doctors can do; and much, much more. The advice is easy-to-follow and includes practical tips designed to help you deal with your arthritis symptoms.

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# Rate cut leaves markets expecting rise within a year

**DIANE COYLE**  
Economics Editor

The unexpected fall in base rates yesterday sent the pound lower and left the financial markets betting that rates will have to rise again within the next 12 months.

On a day that brought additional evidence that the economy is picking up, City reaction to the Bank of England's surprise move was mixed. Many analysts argued that it was a political move and likely to have been opposed by Eddie George, Governor of the Bank of England.

"The Bank of England warned that this is just the stage of the cycle when mixed signals on the economy mean policy-makers make mistakes. Mr Clarke should not have cut interest rates," said James Barty, UK economist at the investment bank Deutsche Morgan Grenfell.

David Walton at Goldman Sachs said the Governor probably accepted the case for a cut in the short term but would have warned that base rates might have to go up again later. "It does leave a nagging doubt that the politics is coming into play," he said.

Geoffrey Dicks, an economist at NatWest Markets, noting that Mr Clarke had promised to raise rates later if necessary, said: "We are ready to hold the Chancellor to his word."

Speaking about its Inflation Report last month, Mervyn King, the Bank's chief economist, said he saw no need for the extra insurance against short-term economic slowdown that another base rate reduction would bring. The report predicted a small risk that inflation would be above its 2.5 per cent target in 1998.

However, recent figures showing continuing recession in manufacturing industry, combined with the strength of the pound, allowed Mr Clarke to make out a good case for reducing the cost of borrowing. "I am satisfied that this modest further cut in interest rates is fully consistent with my target of inflation below 2.5 per cent," he said yesterday.

The Chancellor's panel of "wise persons" lent some support to this view. In a special report on the "output gap" coincidentally published yesterday morning, they concluded that the economy had room to grow at a faster rate than normal for three to five years without causing a rise in underlying inflation.

Even so, some of the panel's members had doubts about the latest reduction. Martin Weale of the National Institute of Economic and Social Research said: "If there is an economic justification for yesterday's rate cut, it is the rise in the exchange rate. But will the Chancellor put rates up again if necessary? Probably not."

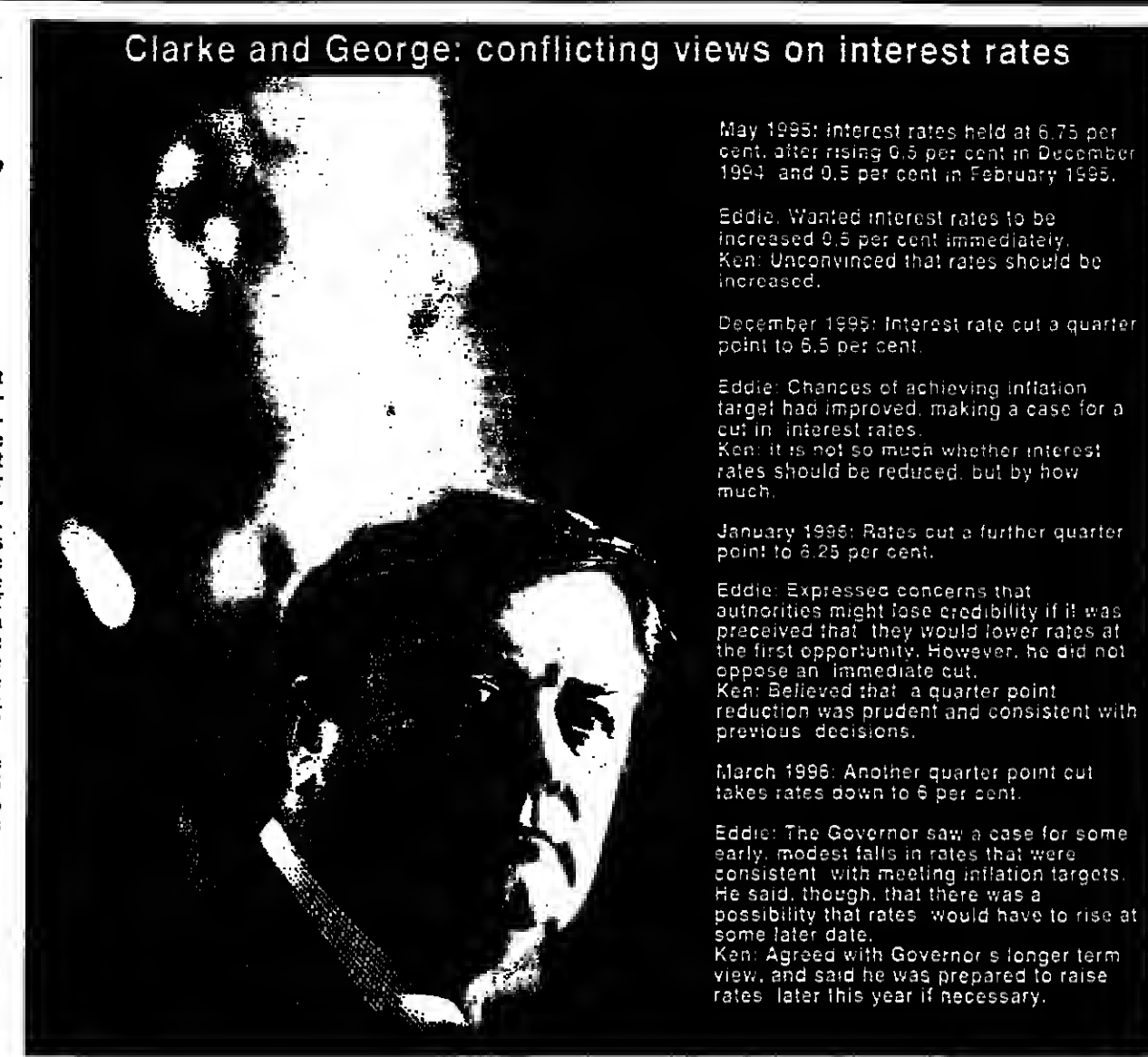
Sterling's index against a range of other currencies has gained 5 per cent this year. According to the Treasury's rule of thumb, this is equivalent in effect to an increase of more than 1 per cent in base rates. The higher pound will help reduce already weak inflationary pressure.

Roger Bootle, chief economist at HSBC Markets, predicted that base rates will have to fall even further to offset the impact of the strong currency on manufacturing.

Simon Briscoe at the Japanese bank Nikko agreed: "There can be little doubt after this move that if the economy is weak in the next couple of months the Chancellor will be prepared to cut rates."

However, yesterday's economic statistics provided more evidence for a healthy pace of economic recovery. Last month saw the eighth successive annual increase in the volume of retail sales, according to the CBI's survey of the distributive trades.

The pace of growth was a little slower than April, and less than expected. However, re-



**Clarke and George: conflicting views on interest rates**

May 1995: Interest rates held at 6.75 per cent, after rising 0.5 per cent in December 1994 and 0.5 per cent in February 1995.

Eddie: Wanted interest rates to be increased 0.5 per cent immediately. Ken: Unconvinced that rates should be increased.

December 1995: Interest rate cut a quarter point to 6.5 per cent.

Eddie: Chances of achieving inflation target had improved, making a case for a cut in interest rates. Ken: It is not so much whether interest rates should be reduced, but by how much.

January 1996: Rates cut a further quarter point to 6.25 per cent.

Eddie: Expressed concerns that authorities might lose credibility if it was perceived that they would lower rates at the first opportunity. However, he did not oppose an immediate cut. Ken: Believed that a quarter point reduction was prudent and consistent with previous decisions.

March 1996: Another quarter point cut takes rates down to 6 per cent.

Eddie: The Governor saw a case for some early, modest falls in rates that were consistent with meeting inflation targets. He said, though, that there was a possibility that rates would have to rise at some later date.

Ken: Agreed with Governor's longer term view, and said he was prepared to raise rates later this year if necessary.

## Lenders renew home loan war

**NIC CICUTTI**

Millions of borrowers were yesterday facing the prospect of cheaper mortgages as Britain's biggest lenders used the Chancellor's base rate cut to launch a further broadside in the home loans price war.

Halifax and Abbey National, with about 3.5 million borrowers between them, announced they were cutting the cost of their variable interest mortgages by 0.25 per cent to 6.99 per cent, the lowest for more than 30 years.

Bradford & Bingley, whose headline rate already stood at 6.99, said it would drop the cost of its mortgages by a further 0.25 per cent, while Alliance & Leicester and most other mortgage lenders hinted they too would follow the bigger players.

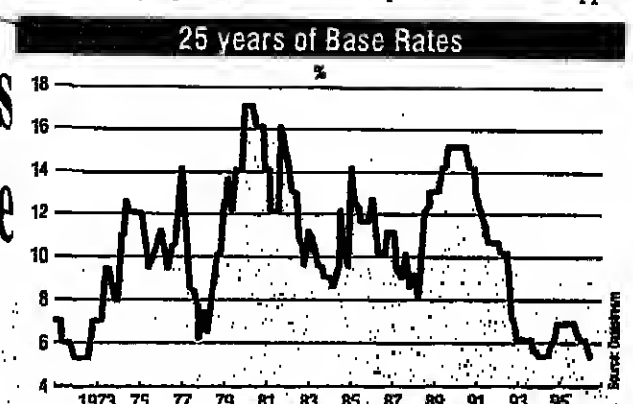
The decision by Halifax and Abbey National cuts monthly payments on a typical £50,000 interest-only mortgage from about £275 to £265, a saving of £10. Repayment-style mortgages will be cut by £7.40.

Nationwide, which has a million borrowers, said it had no immediate plans to cut mortgage rates below its market-leading low of 6.74 per cent.

However, Halifax's new rate will be delayed until 1 August for existing borrowers, while Abbey National said yesterday that its borrowers would only benefit from 1 September.

Abbey blamed the delay on the problem of integrating its computer system with that of National & Provincial Building Society, which it is in the process of taking over.

Savers were warned yesterday that the amount paid on their deposits was likely to fall further in the wake of the base and mortgage rate cuts.



## British Gas customers on line for lower bills as watchdog acts

**MICHAEL HARRISON**

Gas bills for 19 million domestic consumers are set to fall by further £8 a year under fresh price cuts announced yesterday by the industry regulator, Clare Pottiswood of Ofgas.

These are the second set of cuts in as many months and, together with tougher controls on the prices charged by British Gas's transportation arm Transco, will reduce the average bill of £520 by £40 from April next year.

British Gas immediately announced that the proposals, if implemented, would cause a significant squeeze on profits and hamper its ability to compete with the domestic market is fully liberalised in 1998.

Philip Rogerson, deputy chairman of British Gas, said they would reduce the profits of its domestic supply business by 40 per cent from £152m to £90m and require it to reduce costs by 15 per cent between 1995 and April next year.

Although British Gas's response to these latest price cuts was more measured than its reaction to the Transco proposals, Mr Rogerson said: "No body should be under the impression that we are happy. We have been less vociferous only because the proposals are less extreme."

Ms Pottiswood defended the new price cuts saying: "They give British Gas the freedom and flexibility to compete while protecting consumers."

Ian Powe, director general of the Gas Consumers Council, welcomed the proposals, saying: "This is a triumphant day for regulation and gas consumers."

They would, he added, redress the balance of shareholder and consumer interest.

Under the proposals, British Gas Trading must limit price increases to inflation less 5 per cent for the three years from April, 1997. The present price cap is RPI-X. Within the overall cap, however, it will be able to offer different price tariffs to different categories of customer provided that its basket of price stay within RPI-5.

British Gas will also be allowed to pass on to customers the full costs of its massive and loss-making take-or-pay contracts with North Sea suppliers. Had Ofgas decided that these costs could not be passed on, and British Gas had to charge its domestic consumers market rates, then bills next year would have fallen by between £21 and £48.

Ms Pottiswood said the new regime would require British Gas Trading to achieve a 5 per cent annual reduction in operating costs and would allow it a 9 per cent return on capital.

Although tough, the new price caps are unlikely to prompt a referral to the Monopolies and Mergers Commission. However, Transco still looks certain to end up before the MMC. Mr Rogerson repeated yesterday that the Transco price cuts were "ill-founded, damaging to the interests of British Gas shareholders and not in the overall best interests of gas consumers."

But Ms Pottiswood said she had yet to receive any "logical or coherent" response from British Gas. So far all she had received was "a huge emotional barrage."

## Boots looks to Europe to provide a tonic

**NIGEL COPE**

Boots is considering expanding its Boots the Chemist chain overseas for the first time since the early 1980s when forays into Canada and New Zealand proved unsuccessful.

The announcement yesterday came as speculation grew that the company may soon use its £600m cash pile to mount another share buy-back.

Boots has ruled out tackling the US market which has been a graveyard for so many UK retailers, but is looking at Europe and the Far East. A store in Dublin will open in October.

Lord Blyth, Boots' chairman, said: "We are all too aware of the problems that have affected other retailers but our approach will be prudent, gradual and pretty long-term."

Boots' ambitions in France and Germany would be hampered by regulations that bar the multiple ownership of pharmacies. However, there is a strong prospect of these markets following the UK's de-regulated approach.

Boots made the announcement as it reported a slight fall in pre-exceptional profits to £493m for the year to March. Boots is undertaking a review of costs, particularly at its Nottingham headquarters where it employs 11,000.

Boots said it would consider a share buy-back "only when the time is right". There was also no fresh news on the fate of Do It All, the loss-making DIY chain jointly owned by WH Smith. Boots' share of Do It All's losses were £10m last year while the Fads and Homestyle businesses lost £12m.

Investment column, page 16

## Bank of Ireland Base Rate

Bank of Ireland announces that with effect from close of business on 7th June 1996 its Base Rate has decreased from 6% to 5.75%

**Bank of Ireland**

Head Office, 36 Queen Street, London EC4R 1BN

## Branson hijacks Widow to recast her as Virgin

**CLIFFORD GERMAN**

Scottish Widows is furious that its well-known advertising symbol of a demure young woman in a black mourning cloak has been hijacked by Richard Branson to launch his own Virgin Life insurance service this Sunday.

The airline owner, balloonist and former condom retailer has even hired the same actress, Roger Moore's daughter, Debbie Moore, to dress up in a similar black cloak. Appearing as the leading man in the series of promotional photos is Mr Branson himself.

In one of Virgin Life's shots the actress pulls open her cloak to reveal a Virgin (tee-shirt bearing the slogan "Get a Life").

Another features Mr Branson whispering in the widow's ear, the widow reacting with a look of outrage. A third has her mounting a Ferrari-red motorbike displaying the Virgin logo, while the ubiquitous Branson reaches over her shoulder to grasp the handlebar.

Scottish Widows had problems weighing up an appropriate response yesterday. There is no copyright on young women dressed in black cloaks. Inside the company, reaction ranged from surprise and shock to downright displeasure.

Finally a terse statement was released, saying the Virgin campaign merely reflects Scottish Widows' brand strength and pointing out that Deborah Moore's contract ended 16 months ago, when she left to pursue an acting career.

Earlier in the day Scottish Widows' public relations department toyed with the idea of denouncing Virgin's spoof ads, an expression of pleasure that Mr Branson saw the value of the Widow's brand name, and an attempt to create a sound bite along the lines of, "You can't make a Virgin out of a Widow."

The Scots thought better of this more extreme reaction, since it would be likely to provide Mr Branson with even more publicity - something he craves above all else. Neutral observers were left marvelling once again at his ability to attract attention to wildly different Virgin brands and products.

STOCK MARKETS				INTEREST RATES				CURRENCIES			
FTSE 100				Short sterling				£/\$			
Dow Jones				UK medium gilt				£/DM			
Nikkei				US long bond				£/¥			
Indices				Money Market Rates				Pound			
Index	Close	Day's change	Change %	Index	1 Month	1 Year	3 Month	Yesterday	Change	Year Ago	Yesterday
FTSE 100	3760.30	+6.90	+0.2	UK	5.94	6.31	7.98	1.5409	-0.73c	1.5882	1.5409
FTSE 250	4480.60	+1.80	+0.1	US	5.31	6.10	6.75	1.5410	-0.80c	1.5960	1.5410
FTSE 350	1902.40	+3.20	+0.2	Japan	0.50	0.84	3.15	2.3578	-0.97c	2.2550	2.3578
FT Small Cap	2244.36	+5.26	+0.2	Germany	3.44	3.40	0.00	168.266	-0.242	135.053	168.266
FT All Share	1888.89	+3.20	+0.2	Switzerland	-	-	-	109.200	+0.35c	85.0300	109.200
New York	5702.28	+4.80	+0.1	Denmark	-	-	-	85.1	-0.2	89.0	85.1
Tokyo	21804.48	-76.97	-0.4	France	-	-	-	97.3	+0.1	90.0	97.3
Hong Kong	11225.93	+133.32	+1.2	Italy	-	-	-	-	-	-	-
Frankfurt	-	-	-	Spain	-	-	-	-	-	-	-

MAIN PRICE CHANGES				OTHER INDICATORS			
Index	Price	Change	% Change	Index	Price	Change	% Change
Macquarie	261	30	13.0	Oil Brent	17.89	-0.06	-0.3
Midland Elec	433	19	4.6	Gold	385.70	-1.9	-0.5
Powell Duffryn	422	18	4.52	Gold 2	250.47	+0.12	0.05
Yorkshire Water	683	25	3.5	Base Rates	-	-	-

**MIDLAND**

NOTICE TO CUSTOMERS

### NEW INTEREST RATE

With effect from 6th June 1996

our Base Rate has been reduced by 0.25% to 5.75% p.a.

Midland Bank plc

**The Listening Bank**

Member HSBC Group



## Pain brings results for Pilkington

Pilkington is a traditional bellwether for the British economy. Like ICI, it has been woken from past lethargy by a savage increase in competition in what has become commodity markets. But the world's biggest glassmaker has been shaken up by professional management led by chief executive Roger Lewerton, formerly of RTZ, and since last year by Nigel Rudd, who added the Pilks chair to that of Williams Holdings in July.

After several years of restructuring in the face of sluggish or declining markets for glass, there is evidence that the pain is working. Yesterday's figures were distorted by the enormous provisions that have become a feature of recent years. Last year it was a £375m goodwill write-down on the disastrous contact lens business.

This year it was a £157m charge, mostly to cover the latest round of "downsizing" in the automotive and German building glass businesses.

That turned a reported loss of £245m last time into pre-tax profits of £55m in the year to March, but stripping out the big one-offs from both years, underlying profits soared 47 per cent to £212m. Earnings per share before exceptional items leapt even further, rising 63 per cent to 14p.

Pilkington is clearly showing it can fight back in both its main businesses. Existing cost-reduction programmes added £68m to the 1995-96 figures and the benefits of the latest wave should build up from £35m this year to £75m in year three.

The automotive glass business looks well placed. Last year's restructuring at Libbey-Owens-Ford in the US will be matched by the shake-up in the European side following October's acquisition of the other half of Italian auto glass producer SFV. As well as the savings that will bring, the purchase has raised Pilkington's share of the European market from 14 per cent to a third. That gives it a powerful voice with the big car-makers and, notwithstanding the General Motors strike earlier this year, which cost £6m, it augurs well for the future, given signs of strength in automotive markets on both sides of the Atlantic.

More serious is the malaise affecting the German building market. Central European prices have slumped by a fifth in the past four months as clear signs of overcapacity have emerged. Pilkington puts surplus production in the industry at up to 8 per cent and has acted to cut its own capacity in Poland and Germany. A crucial factor will be whether its recently announced 8-10 per cent price rises will stick.

Profits of £250m this year would put

## THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

the shares, up 6.5p at 204.5p, on a forward multiple of 14. Those who took up October's rights at 155p have already done well and there should be further recovery potential.

### Boots cash pile is a problem

Boots' management had good reason to look pleased yesterday as they unveiled a decent set of results alongside an upbeat statement on the outlook for consumer spending. Yesterday's interest rate cut should help the housing market and Boots' DIY businesses, which include Do It All and F&D, continue to lose buckets of money.

But while these two businesses remain a problem and Halfords is not exactly a star despite its strong brand name, the real question about Boots is what it will do with its £526m cash mountain as the core Boots the Chemist chain reaches maturity in the UK. For all its attempts at diversifica-

tion, BTC still accounts for 80 per cent of Boots' profits. AG Stanley, Do It All and Childrens World (since sold to Storchhouse) recorded a loss and falling like-for-like sales last year.

The Boots cash pile is set to be boosted by a further £73m from BASF, which represents the balance of the £900m it agreed to pay for Boots Pharmaceuticals last year.

Boots has several options. It is looking at taking Boots the Chemist overseas, though there are no immediate plans. It is also investing in Boots Healthcare International, the non-prescription drugs business, and an acquisition in Europe looks likely. Another share buy-back is a possibility. There was no news on this yesterday though the door has been left open.

The shares are likely to mark time until the market has a clearer idea of Boots' intentions, but the prospects still look encouraging. Though pre-tax profits fell from £849m to £493.5m in the year to March 1996, the 1995 figures were inflated by £330m from disposals. Operating profits from continuing operations rose by 2.5 per cent to £444m.

Like-for-like sales increased by 2.8 per cent across the group, driven by Boots the Chemist, which contributed a 4.4 per cent uplift. If Boots could sort out its troublesome "tail" of subsidiaries, prospects would look brighter still.

BZW has lifted its profits forecast from £550m to £560m for the current year. With the shares up 3p to 608p, that puts them on a forward rating of 15. Hold.

### 3i keeps up with record markets

NatWest's decision to sell its remaining 17.8 per cent stake in 3i looks shrewd in the light of yesterday's figures from Europe's biggest venture capitalist. By the group's own total return method of accounting it turned in results 25.4 per cent ahead on the year, virtually the same as the FTSE smaller companies index, which rose 25.6 per cent. Stripping out foreign assets, the growth was 28.3 per cent.

Shareholders' funds rose 23.4 per cent to £2.53bn, the revenue surplus rose 18.4 per cent to £70m and the dividend was 12.5 per cent higher at 8.1p for the year. Costs are clearly under control and the balance sheet is in fine shape.

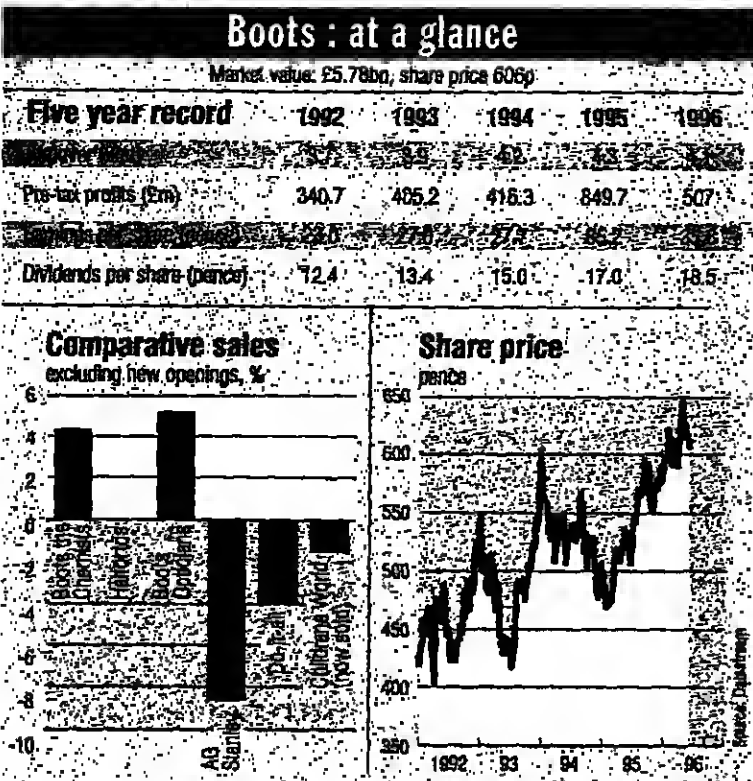
As a specialised investment trust with a wide spread of quoted and unquoted stakes, the results are highly cyclical and, with the stock market racing ahead, 3i was bound to break lots of records, which it duly did. There is bound to be a slowdown at some stage.

Disposals of stakes have risen faster than expected six months ago, but it is proving a little tougher to sow the seeds of future growth with new investments, where demand for capital for expansion has weakened. 3i and the investment funds it manages increased their investment 13.7 per cent to £613m. On the other hand, the valuation basis is still conservative.

Since valuations lag the performance of the companies in which 3i invests, there should be more to go for in the current half year. SBC Warburg and NatWest Securities both reckon actual net asset value is nearer 445p a share compared with the stated figure of 426p at the year end in March.

The lack of any movement in the shares, unchanged at 452p, owes much to the overhang of next week's NatWest disposal. Institutions will be topping up their stakes but private buyers should not rush in if the price strengthens any more.

As a long-term investment, 3i offers a well-managed stake in the most dynamic part of the economy. Hold.



## Whelan joins the battle of the bulge bracket

### CITY DIARY

JOHN WILLCOCK



And film is fair: Fancy investing in a film and appearing in a bit part? The team that produced *The Bruce* urgently requires budding thespians to buy £500-debentures for their latest venture, *Macbeth*. Cromwell Productions found investors like appearing on screen, albeit as a spear carrier. The Scottish play will be directed by Brian Blessed and star Oliver Reed, Hildegard Neil and Pavel Douglas. If you want to appear, along with a ticket to the premiere, a listing in the credits, a share in any net profit etc, you have until the end of June to apply. Altogether now, "is this a debenture I see before me?"

Communism was introduced. The Russians are very keen to attract foreign investment by stripping old industries of their liabilities. We want to help give them a framework to do this. At least the Russians are keen to learn about insolvency. Mr Adamson adds, China, despite its rapid pace of industrialisation, or perhaps because of it, lacks any bankruptcy code at all.

Spotted in the lobby of the Treasury, a propaganda poster from 1953 which shows how little Britain's economic conditions have really changed. The poster is headed: "The Budget and your pocket." It goes on: "Why money is so tight these days? When are things going to get better?" When indeed, Mr Clarke. Then there is a drawing of a pound symbol holding a shield, on which is written the slogan: "We must protect the value of the pound." That hat must have been added by one of Eddie George's predecessors. The poster also includes the fact that a dozen eggs in 1953 cost just three shillings (15p). No mention of inflation though - just like today.

*Sunday Business*, the newspaper launched by Tom Rotherham two months ago, is reaching another defining moment. While the latest investor in the project, the Northern industrialist Gordon Brown, prepares a re-launch for next weekend along with television advertising, the staff continue to leave in droves. Around half a dozen have left over the last 10 days, and around half the production staff is seriously considering leaving en masse. Watch this space.

## Unitech purchase shows early results for Siebe

MAGNUS GRIMOND

Siebe, Britain's biggest engineering group, vindicated its £520m acquisition of Unitech earlier this year, saying that the synergy benefits with the electronic power supplies manufacturer were coming through faster and better than expected.

Allen Yurko, chief executive, said immediate benefits from cost savings, including cross-purchasing and cross-marketing with existing businesses, would amount to between £5m and £10m initially, rising to between £10m and £20m within two to three years.

The real benefits would come from the sale of Siebe products in areas such as the Far East and Siebe selling Unitech products into its traditional heating, automotive and ventilation markets in Europe and North

America. The company had not yet chosen "an integration path" for Unitech's electronic connectors operation yet, he said, but it was "not broken" and was a good business. They had not decided to sell it, he said.

The comments came as Siebe revealed it had broken three of its four targets last year with results for the year to 6 April showing pre-tax profits jumping a fifth to £331m. The shares added 11p to 879p. The aim of cutting costs by 5 per cent, growing sales by 10 per cent and organic profits by 15 per cent were all comprehensively beaten. The group fell down on its attempt to improve stock turn by a fifth, managing a 14 per cent improvement.

Mr Yurko said the key message with the results was "really bullish for 1997", while

costs would continue to be cut. "We are going to try, try again. We are going to keep the pressure on."

Operating margins eased from 14.4 per cent to 14.3 per cent last year. But Mr Yurko said increased research and development expenditure was worth 0.4 percentage points off the margin, while acquisitions tended to dilute returns until they were brought up to group levels. Without those factors, the growth would have been a full point to about 14.9 per cent, he said.

All divisions were ahead last year. The biggest, control systems, which supplies process controls for petrochemical plants, saw its profits jump from £127m to £156m last year. Siebe ascribed much of the growth to the technological lead of the Foxboro subsidiary

in the US. The order book there is up 30 per cent and the advanced I/A system has continued to win market share and now claims a figure of over 13 per cent, up from 7 or 8 per cent four years ago.

Elsewhere, temperature and appliance controls used for air conditioning and whitegoods and the like shrugged aside patchy North American and European markets to record profits up from £125m to £141m. Although volumes across the Atlantic rebounded in the fourth quarter, Siebe warned that European markets remained subdued.

Colin Fell of Kleinwort Benson Securities described the figures as "consistently boringly excellent". The results were accompanied by a 10 per cent increase in the final dividend to 8.87p.

## Murdoch's digital bust-up escalates

MATTHEW HORSMAN  
Media Editor

Partners in Rupert Murdoch's digital alliance launched a war of words yesterday, fuelling expectations that the four-way deal to launch digital TV on the Continent was doomed.

Sources at BSkyB, 40 per cent owned by Rupert Murdoch, reacted angrily to suggestions that the alliance with Bertelsmann, Canal Plus and Havas had already failed, but none the less blamed Bertelsmann for the rising tensions.

"We know how to deliver, and they only know how to deal in political perversity," said a Sky source, referring to BSkyB's record as a pay-TV broadcaster in the UK and growing fears at Sky that Bertelsmann is dragging its feet on introduction of a digital bouquet of programming in Germany by autumn.

A spokesman for Bertelsmann responded in kind, saying: "BSkyB started this whole mess, not us," referring to a letter sent early this week by Mr Murdoch demanding clarification of Bertelsmann's intentions toward the alliance. That letter fuelled reports about growing tensions. The harsh climate dates from Bertelsmann's surprise decision early this year to merge its

television interests with CLT, the Luxembourg-based media company, which plans to launch a French pay-TV operation in direct competition with its alliance partner Canal Plus.

That deal seemed to go against the rationale of the four-way alliance, which had been aimed at developing digital TV in Germany and elsewhere without jeopardising each partner's stronghold on its home market.

Canal Plus also weighed in yesterday, complaining that Bertelsmann seemed "too quick to declare the alliance at an end," and warning that a collapse of the agreement could jeopardise other joint ventures between Bertelsmann and Canal Plus in Germany.

The threats to the alliance have complicated the competitive climate in Germany, where two rival systems - one backed by Bertelsmann and the other by the Bavarian media giant Leo Kirch - are vying to dominate the digital revolution.

BSkyB is interested in taking a 25 per cent stake in Premiere, jointly owned by Bertelsmann, Canal Plus and Mr Kirch. But a deal whereby Canal Plus and Bertelsmann would each sell a 12.5 per cent to BSkyB has so far been blocked by Mr Kirch.



Eyes on the prize: Mayflower, the car parts group, is to pay £17.2m for the Pullman Company, a US manufacturer of vibration control components. Mayflower, which is run by chief executive John Simpson (left) and finance director David Donnelly (right), will fund the acquisition via a £139m rights issue and a new banking facility. The seven-for-10 issue will be priced at 95p.

## BT-Mercury overseas duopoly abolished

MICHAEL HARRISON

The Government last night announced it was abolishing the last remaining element of BT and Mercury's duopoly over international services, paving the way for a string of rival operators to enter the market.

Ian Taylor, Science and Technology Minister, said he aimed to begin issuing licences to other service providers from July.

Among the companies expected to apply for licences to provide services from Britain are AT&T, the giant US telecom operator; Energis, which is owned by the National Grid; Sprint, another US long-distance operator; and Colt, which provides business telecom services to the City.

The market being opened up mainly consists of services to Europe and is worth an estimated £200m-£300m a year.

The bigger and more lucrative long-distance markets such as transatlantic are subject to bilateral agreements between national telecom operators and are not covered by the liberalisation announced yesterday.

The move to end the BT-Mercury duopoly was foreseen in a consultative document in March and is in line with a European Union directive that most member states liberalise intra-EU telecommunications services by 1 January 1998.

Mr Taylor said liberalisation would boost competition, lead to lower prices and make the UK an attractive location for inward investors requiring cheap, high-quality telecom services.

BT said that any adverse impact in the short term would be offset by increased opportunities in the medium term.

## Chubb zooms in on closed circuit TV

NIC CICUTTI

Chubb Security, the electronic surveillance to locks group, yesterday unveiled plans to expand its operations in the highly lucrative closed circuit television monitoring market as it announced an 8 per cent rise in annual pre-tax profits to £97.1m.

The company's CCTV expansion plans in Europe, North America, and Africa, through a new subsidiary, Chubb Vision, follow the recent setting up of security operations in Thailand, Indonesia, Vietnam and China. Chubb recently bought MSS Security in Australia for £21m and said yesterday that it intended to continue its expansion.

"[The company] has entered the next stage of expansion to build its business through acquisitions, partnerships and further organic growth," Chubb said. "These, with other actions being taken, should ensure

that the results for 1996/97 will be good."

Chubb's profits rise in the year ending March 1996, on a total turnover of £765.3m, came despite a drop of almost £6m in its locks business in the UK, which the company blamed on continuing low levels of activity in the construction industry. However, Chubb's electronic security and fire protection business grew by 69m.

Overall, the UK contributed £40.6m towards the company's world-wide operating profits of £91.6m, after re-organisation and redundancy costs of £5.5m. In the Australasian market, profits remained static at £19.1m, although turnover expanded by 11.6 per cent, including exchange rate fluctuations, to £175.6m. Elsewhere in Europe, operating profits also fell slightly to £5.1m.

The final dividend is being given from 5p to 5.8p.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Acronyx Financials (F)	86.3m (84.8m)	5.4m (5.8m)	15.8p (18.2p)	5.4p (5.4p)
Boots Co (F)	4,120m (4,210m)	494m (508m)	35.8p (35.7p)	18.5p (17p)
Cardifair (F)	12.1m (9.88m)	4.4m (5.8m)	0.5p (7.5p)	4p (2.25p)
Charmat Island Develop (F)	6.62m (6.12m)	1.37m (1.17m)	8.40p (7.11p)	2.25p (2.75p)
Chubb Security (F)	770m (727m)	97.1m (88.1m)	20.38p (19.2p)	6.4p (-)
CPI, Americas (F)	28.7m (21.2m)	2.9m (2.04m)	18.4p (14p)	4.8p (3.7p)
Coltair's Ridge (F)	8.04m (8.77m)	0.36m (0.28m)	1.19p (1.02p)	0.5p (-)
Coramport Railways (F)	10.2m (10.6m)	1.85m (2.47m)	77.8p (95.5p)	9.5p (8.4p)
Danley Group (F)	16.6m (13.2m)	3.04m (2.43m)	6.2p (4.8p)	1.85p (1.15p)
European Colour (F)	18.3m (17.5m)	2.8m (1.97m)	5p (3.8p)	2.2p (1.7p)
French (I)	7.85m (7.80m)	0.30m (0.38m)	1.55p (1.53p)	1.5p (1.44p)
Hill & Smith Ridge (F)	41.7m (41.2m)	1.79m (2.29m)	3.05p (3.83p)	2.1p (2.1p)
St Ermer (F)	- (-)	88.5m (76.8m)	11.9p (10.1p)	8.1p (7.2p)
Lapins (I)	213m (182m)	3.16m (2.44m)	6.7p (5.1p)	2.5p (2.5p)
Midlands Electricity (F)	1,260m (1,460m)	287m (170m)	45p (31.3p)	- (-)
N Ireland Electric (F)	325m (498m)	17.4m (36.4m)	58.8p (41p)	18p (13.4p)
Oxford Instruments (F)	148m (125m)	21.5m (18.0m)	27.8p (23.8p)	6.5p (5.7p)
Porter Chemicals (F)	76.8m (82.7m)	4.5m (2.66m)	5.5p (2.55p)	nil (nil)
Powercell (F)	610m (661m)	42.2m (40.1m)	7.9p (38.2p)	25p (24.5p)
Shawville Process (UK) (F)	- (-)	1.77m (1.53m)	470p (460p)	nil (-)
Shawville Process (F)	31.1m (228m)	0.11m (22.2m)	0.25p (3.55p)	nil (-)
Slane (F)	2.96m (2.13m)	331m (276m)	45p (37.5p)	8.8p (37.5p)
WABCO (F)	20.4m (18.8m)	1.85m (1.22m)	7.85p (11.52p)	4.25p (2.75p)
Wydolam Press (F)	26.6m (25.0m)	4.12m (3.58m)	12.5p (10.6p)	4.3p (3.75p)

(F) - First (I) - Interim

## ANZ Grindlays Base Rate

ANZ Grindlays Bank plc announces that its base rate has changed from 6.00% to 5.75% with effect from close of business 6th June 1996.

## ANZ Grindlays Bank Private Banking

13 St James's Square, London SW1V 4LF  
Telephone: 0171-830 4611  
Member ANZ Group

## Hill Samuel Base Rate

With effect from the close of business on Thursday 6th June, 1996 and until further notice, Hill Samuel Bank's Base Rate is

5.75% per annum

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Hill Samuel Bank's Base Rate will be varied accordingly.

## HILL SAMUEL BANK

Hill Samuel Bank Limited - 100 Wood Street - London EC2P 2AJ  
A member of the Lloyds TSB Group





## COMMENT

'Will the Chancellor increase rates even closer to a general election campaign if it looks necessary? He insists he will but he surely doesn't expect anyone to believe him'

# Confident Clarke is still too quick with rate cuts

Kenneth Clarke and his Treasury officials will be feeling rather pleased with themselves when they gather at Dorneywood for their country house weekend later today. Yesterday's interest rate cut delighted the Tory backbenchers, came as a welcome surprise to millions of homeowners, businesses and voters, and was taken phlegmatically by the financial markets.

The loser, again, is the credibility of monetary policy. Mr Clarke could well turn out to be right, again, in his judgement about the state of the economy and inflation just as he was last May. But he has still not accepted that for an inflation-prone country like Britain, interest rates need to rise faster than absolutely necessary and fall more slowly than they might. The UK still has an inflation rate just above the EU average and the financial markets still demand a premium for holding gilts. That premium rose yesterday.

The truth is that the monetary arrangements put in place after the pound's fall from ERM grace will not have passed their test until a Chancellor does something unpopular before an election. Will Mr Clarke increase rates even closer to a general election campaign if it looks necessary? He insists he will but he surely doesn't expect anyone to believe him.

Even worse from the credibility standpoint, yesterday's move has left Eddie George just one of many people who bend the Chancellor's ear about monetary policy - an important influence but perhaps not as

important as John Major. We will not know for sure what the Governor's view was until the Trappist vow on what went on at Wednesday's monetary meeting is lifted six weeks hence. But from all the Governor said prior to the meeting it is obvious there must have been a serious rift.

Despite his excellent record as Chancellor, Mr Clarke's cheery confidence in his own judgement over Mr George's has strengthened the case for Bank independence. Britain's attempt to compromise between full central bank independence and full political control is looking increasingly unsatisfactory. It has turned out that embarrassment over a potential clash with the Governor is not enough to change a politician's mind.

The surprise cut also increases the odds on chunky tax cuts in the Budget. The latest Mori "mood of the nation" index displayed its biggest ever jump as last year's tax cuts came into effect. The Chancellor has revealed himself to be putting in place all the conditions for a healthy economic recovery before the election. With the bill in terms of higher inflation and worse public finances due well afterwards, nobody can fault him on his politics.

## Are City salaries getting out of hand?

Never mind executive "fat cat" salaries. It is the City where people really make money. And way down the scale of em-

ployees, too. The year before SG Warburg was driven into the arms of Swiss Bank Corporation, the average remuneration per employee rose to more than £100,000. Since the main reason for going into the City is to make money, this might not seem unreasonable. In a sense, the City's whole *raison d'être* is to make people rich.

City salaries are generally not as visible as those of public company directors, but everybody knows that traders and investment bankers are paid handsomely, some of them beyond the dreams of avarice. Curiously, there has been little public concern or outrage about it as such. Typically, reaction amounts to little more than a shrug of the shoulders and the comment that since the City operates under the law of the jungle, good luck to them.

Now there is concern, however, and it is coming from bankers themselves. In recent weeks, two senior investment bankers, one clearing bank chairman, and the deputy Governor of the Bank of England have all spoken out about it. The deputy Governor, Howard Davies, is worried because the bonus-linked nature of large parts of City pay encourages traders to take risks. The others are more mundane in their concern. They worry that as City salaries rise ever higher, costs will spiral out of control and shareholders, who after all are the people who provide the raw material - capital - for all those rocket scientists and barrow boys to trade on, will get short changed.

The latest to speak out is Hessel Lindenbergh. As chief executive of ING Barings, he has just had his entire Latin American equities team poached by Deutsche Morgan Grenfell. This is serious stuff, for we are talking here about a good deal more than the hiding up of salary structures. When an entire department leaves, the investment bank loses a part of itself and its expertise. Naturally it will all end in tears. In good years, investment banks seem prepared to do almost anything to get the "right" people. When the bad times come, the newly inflated cost base remains, shareholders get stuffed, and so, eventually, as sure as night follows day, do all those high flyers that it cost so much to recruit. They end up fired.

Mr Lindenbergh is clearly right to believe things are out of hand but it is hard to know what he can do about it, other than resist the temptation to enter the beggar thy neighbour game, bring on his young, low-cost talent and hope they will eventually give his disloyal former employees a good thrashing. A key characteristic of the smart organisation, after all, is its ability to weather defections, even of whole departments, and carry on regardless.

## The gas saga is not over yet

Another day, another price control review from another utility regulator. Wouldn't it be nice to pop them all in a box

marked Offload, drop it in a large expanse of water and go off and enjoy a summer free from their wretched RPI-X formulas. Sadly, they now control such a large chunk of our daily lives that this is no longer an option.

The latest utility to feel the heat (again) is poor old British Gas. Just when it thought it was safe to come out of the woods following the TransCo massacre, along comes Clare Spottiswoode of Ofgas to clothe them on gas supply tariffs. In normal circumstances, a price control formula that further tightens the regulatory screw just as the market is being blown open to unfettered competition and robs British Gas's supply arm of nearly half its already paltry profits would be tantamount to a declaration of war.

But it is a testament to just how effectively the company has been softened up by her review of transportation charges that it will probably accept the latest Spottiswoode package and thank its lucky stars for getting off so lightly.

Even then it is not the end of the story. Next month we will be entertained by TransCo 2, the final proposal. Then for those with the stomach for it, there is the forthcoming National Grid transmission review to spruce up September. If you, dear reader, are feeling a little punch-drunk, spare a thought for the utilities. One almost begins to feel sorry for them.

# Medeva beefs up France and US with £258m buy

MAGNUS GRIMOND

Medeva, the pharmaceuticals group, yesterday announced a large expansion in the US and France with the \$400m (£258m) acquisition of rights to drugs and other assets from Rhône-Poulenc, the US-owned French drug company.

The US assets were acquired by RPR when it took over Fisons last year and include the group's former US headquarters at Rochester in New York State. They were spotted by Medeva as under-exploited during its abortive merger talks with Fisons.

The deal is being part-financed through a £100m placing, with existing shareholders being offered the new shares on

a one-for-six basis at 220p. The move was well received by analysts, who said it would be earnings-enhancing. Shares in Medeva jumped 30p to 261p.

Bill Bogie, chief executive, described the two acquisitions as "Medeva's most significant step forward in terms of both its operations and its potential to deliver earnings growth for shareholders". He said the deal took the group's strategy on several stages.

It gave them critical mass in France and the US. In the former, Dr Bogie said the acquisition of rights to respiratory, dermatological and non-prescription drugs would allow Medeva to cover the cost of the existing sales force, the mar-

keting spend that goes with it and help to support new product launches.

The deals also give the group Fisons' penicillinic slow release technology, which can be applied to products within Medeva's development pipeline, such as its Hepagene hepatitis vaccine and anaesthetics acquired last year. That would help turn the group into a fully-fledged pharmaceutical company into the next century, Dr Bogie said.

But he described the 10 products being acquired with the Rochester business as "a classic Medeva opportunity". In the six years of its life, the company had been good at generating and re-generating growth in

the products it owns, he said, and the Rochester products had not had the support they required to generate growth.

The main drug being acquired is Tussionex, a treatment for heavy coughs, which generated \$31.5m of the \$99.7m sales produced in total by the US products last year. Delsym, a slow-release cough treatment for children, Pedipar, a steroid for treating a range of allergic to inflammatory conditions, Zaroslyn, for heart and kidney failure, and Ionomin, an appetite suppressant, are also coming aboard in the deal.

Operating profits from the US drugs have grown from \$36.3m to \$54.4m in the last three years.



'Classic opportunity': Bill Bogie of Medeva

## IN BRIEF

• Receivers to Salisbury, the luggage chain that is part of the collapsed Facia retail group, have sold 39 stores to Mister Minit, the shoe- and key-repair company for a "substantial sum". Mister Minit, which has 431 UK outlets, plans to rename them as Gullivers, its 23 strong luggage and leather chain. It will keep the 280 staff. The Salisbury name and 130 stores are still for sale. Receivers Grant Thornton have received more than 100 enquiries.

• The effect on British Energy's flotation of ScottishPower's warning it might scrap contracts with the generator after being told to cut its prices by 3-5 per cent, was played down by the Government. Sources said the contracts could not be reviewed before 1998 and then could only be renegotiated if prices were reduced by more than 10 per cent. Meanwhile, private investors will be eligible for a 10p discount on the second instalment or a one-for-15 bonus issue.

• Northern Ireland Electricity joined the ranks of utilities buying back their shares by announcing that it is to seek approval to repurchase a further 14.9 per cent of its share capital at a cost of £87m. It has already bought back 14.9 per cent.

• Trafalgar House said three of its subsidiaries, Davy International, Davy Corp and Trafalgar House Services, had initiated legal proceedings against VAI Industries (UK), and former Davy International chief executive Roy Tazzyman, Trafalgar House said that upon the execution of a High Court order on 28 May, in excess of 2000 pages of documents were recovered together with computer disks containing information belonging to Davy International. "We are not able for legal reasons to give any further details at this time," the company said.

## HOW TO PLAY

The Independent European Championship Football Forecast offers you the opportunity to use your footballing skill and judgement to answer the 11 questions printed below.

Make your selections from the answer panel below. For every correct answer you will earn the number of points attributed to that question. The individual with the highest number of points will win our prize, a VIP trip to see Milan in an important home match next season.

Details of how to enter are given opposite. You can enter at any point up until 1200 noon on Saturday 8 June 1996, the first day of Euro '96.

## HOW TO SCORE

Each of the 11 questions has a points value. If you answer any of the questions correctly you will earn the points attributed to that question. In addition to the 11 main questions you will be required to answer a tie-break question. This question does not have a points value and will only come into play should the necessity arise. The winner will be the individual who earns the most points in the competition.

## QUESTIONS

All questions related to goals scored do not include goals scored in penalty shoot-outs.

1. Which striker from the list below will score the most goals in Euro '96? **14**
2. Which striker from the list below will score the least goals in Euro '96? **13**
3. Which goalkeeper from the list below will concede the least goals in Euro '96? **11**
4. Which goalkeeper from the list below will concede the most goals in Euro '96? **10**
5. How many goals will be scored in total in Group C, (Czech Rep., Germany, Italy, Russia)? **15**
6. How many goals will there be in the England v Switzerland game? **5**
7. How many goals will there be in the Turkey v Croatia game? **7**
8. How many goals will there be in the Netherlands v England game? **6**
9. How many yellow cards will be issued in the quarter-finals? **9**
10. How many substitutions will there be in the Wembley semi-final? **8**
11. How many shots on target will there be in the Netherlands v Scotland game, (figures based on ITV statistics)? **12**

The Break: How many goals will be scored in open play in Euro '96?

## PRIZE

The reader with the highest number of points at the end of the 1996 European Championship will win our prize - a VIP trip to see Milan in an important home match next season. You will be flown in Milan, fashion and football capital of the



world, stay for two nights in one of the city's finest hotels and watch Milan take on another European giant in an important home game, whilst enjoying VIP hospitality courtesy of Vauxhall the company of Opel, Milan's club sponsors.

## THE

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EURO 96

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England hasn't seen anything like it since 1966. Next month's European Championship will be the biggest sporting event staged on these shores since Bobby Moore's side beat Germany 4-2 in the legendary World Cup final 30 years ago.

No one knows whether 'Terry Venables' team can emulate history, but the drama and suspense of Euro '96 will captivate the nation. Four years ago Denmark snatched the international football community by winning the European Championship in Sweden. Can they do it again? Will Jürgen Klinsmann lead

Germany to victory? Can Paolo Maldini and his team erase the memory of Italy's 1994 World Cup final defeat? Will Alan Shearer prove he's England's most feared striker?

All questions will be answered at the Wembley final on June 30th. Meanwhile, our appetites already whetted by the presence in English clubs of leading Europeans (France's Eric Cantona and Holland's Raul Gullit), we can expect a feast of football.

The opening game - England vs Switzerland at Wembley is on 8 June. Two days later Scotland play the Netherlands at Villa Park.

The 16 competing countries are divided into four groups, with the leading two from each section going forward to the quarter-finals. From then on it's a matter of life or death. In this sporting spirit The Independent and the Independent on Sunday invite you to test your footballing knowledge. Play our Euro '96 competition and you can put your footballing expertise against other readers and a selection of celebrities.

Ultimately you have the chance of winning our prize: a VIP trip to watch Milan play an important home match next season.

## ANSWERS

Strikers			
300 A. Shearer (England)	330 A. Garsan (Scotland)	344 Eighteen	373 Forty
301 H. Stachivov (Bulgaria)	331 R. Schuster (Denmark)	345 Nineteen	374 Forty-one
302 D. Zhekov (Croatia)		346 Twenty	375 Forty-two
303 Z. Zizane (France)		347 Twenty-one	376 Forty-three
304 R. Mijatovic (Netherlands)		348 Twenty-two	377 Forty-four
305 D. Bergkamp (Netherlands)		349 Twenty-three	378 Forty-five
306 A. Hristov (Germany)		350 Twenty-four	379 Forty-six
307 G. Zola (Italy)		351 Twenty-five	380 Forty-seven
308 E. Ravitsch (Italy)		352 Twenty-six	381 Forty-eight
309 D. Domingos (Portugal)		353 Twenty-seven	382 Forty-nine
		354 Twenty-eight	383 Fifty
		355 Twenty-nine	384 Fifty-one
		356 Thirty	385 Fifty-two
		357 Thirty-one	386 Fifty-three
		358 Thirty-two	387 Fifty-four
		359 Thirty-three	388 Fifty-five
		360 Thirty-four	389 Fifty-six
		361 Thirty-five	390 Fifty-seven
		362 Thirty-six	391 Fifty-eight
		363 Thirty-seven	392 Fifty-nine
		364 Thirty-eight	393 Sixty
		365 Thirty-nine	
		366 Forty	
		367 Forty-one	
		368 Forty-two	
		369 Forty-three	
		370 Forty-four	
		371 Forty-five	
		372 Forty-six	
		373 Forty-seven	
		374 Forty-eight	
		375 Forty-nine	
		376 Fifty	
		377 Fifty-one	
		378 Fifty-two	
		379 Fifty-three	
		380 Fifty-four	
		381 Fifty-five	
		382 Fifty-six	
		383 Fifty-seven	
		384 Fifty-eight	
		385 Fifty-nine	
		386 Sixty	
		387 Sixty-one	
		388 Sixty-two	
		389 Sixty-three	
		390 Sixty-four	
		391 Sixty-five	
		392 Sixty-six	
		393 Sixty-seven	
		394 Sixty-eight	
		395 Sixty-nine	
		396 Seventy	
		397 Seventy-one	
		398 Seventy-two	
		399 Seventy-three	
		400 Seventy-four	
		401 Seventy-five	
		402 Seventy-six	
		403 Seventy-seven	
		404 Seventy-eight	
		405 Seventy-nine	
		406 Eighty	
		407 Eighty-one	
		408 Eighty-two	
		409 Eighty-three	
		410 Eighty-four	
		411 Eighty-five	
		412 Eighty-six	
		413 Eighty-seven	
		414 Eighty-eight	
		415 Eighty-nine	
		416 Ninety	
		417 Ninety-one	
		418 Ninety-two	
		419 Ninety-three	
		420 Ninety-four	
		421 Ninety-five	
		422 Ninety-six	
		423 Ninety-seven	
		424 Ninety-eight	
		425 Ninety-nine	
		426 One hundred	

## HOW TO ENTER

- Study the 11 questions opposite carefully.
- Using your knowledge of football, choose an answer for each question from the answer list below.
- Make a note of your answer to each question together with each answer's three-digit code (to the left of the answer).
- You will use the three digit answer code to input your answer for each question into our computer telephone entry system.
- You will also be asked on our entry line to tell us verbally the total number of goals you believe will be scored in open play (not including penalty shoot-outs) throughout Euro '96. Make a note of your verbal answer before you call. There is no code for this question.
- Once you have selected your 11 answers you will have a list of 11, three-digit answer codes plus your figure of total goals scored in Euro '96. Now dial our entry line.
- If you have a Pulse phone, one which makes clicking noises when you dial, then dial 0891 363 392. If you have a Tone Phone, one which makes tone noises when you dial, simply dial 0891 363 391.
- By following the instructions given on the line carefully and double checking the selection is correct before you dial, your entry into the game will be quick and easy.
- Enter your 11 answer codes in order when asked on line using your telephone dial / keypad. You will then be asked to state your total goals scored in open play (not including penalty shoot-outs) during Euro '96 before you leave your own details. You will then receive your unique PIN number which is the only valid proof of entry. Have a pen handy to note this down.
- If you do not receive a PIN then your selection has not been registered.
- The lines are open 24 hours a day until noon on Saturday 8 June 1996. You may enter as many times as you wish and you will receive a different PIN for each entry.
- In the event of a tie between entrants, scored on the basis of the 11 answers given, the total number of goals scored in Euro '96 - as selected by each entrant - shall be taken into account. The entrant giving a figure nearest to the actual total number of goals scored in Euro '96 will be the winner.
- In the event of a further tie, a Euro '96 football quiz will be set by The Independent Sports Editor to decide the winner.
- Sorry, not available in the Republic of Ireland.

- All telephone calls are charged at 39p per min cheap rate and 49p per min at all other times. Max call duration 5 mins. Entries made by pay phone must appear immediately twice that made using a normal telephone.
- Competition only open to those dialling from the UK using the official Independent telephone entry lines. Answer reductions, once made, cannot be altered.
- Newspaper Publishing Plc reserves the right to stop the game at any time and change the rules without notice.
- Entries made by fax, post, telex or other means will not be accepted.
- Sorry, not available in the Republic of Ireland.
- Newspaper Publishing Plc are not responsible for any entries lost or delayed in transfer.
- Usual Newspaper Publishing rules apply. Editor's decision is final in all matters relating to the game.
- No correspondence, in writing or by telephone, will be entered into.
- Proof of magnetic transfer will not be accepted as proof of entry.
- Employees of Newspaper Publishing, Mirror Group, TIM Ltd, European Group, agents and families are not allowed to enter.
- Closing date of the competition is midday Saturday 8 June 1996.



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## market report/shares

## TV talks trigger a winning streak for football clubs

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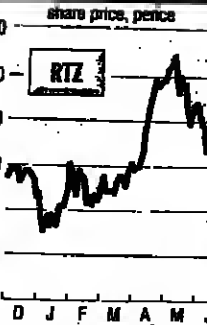
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## SHARE SPOTLIGHT



Ever before the first shots of Euro 96 some spectacular goals are being scored in the stock market.

The fully listed football clubs surged to record highs as the battle to screen Premiership games was being decided by 20 club chairmen in Coventry.

Manchester Utd, the league and cup winners, romped ahead 32p to 463p; Tottenham rose 23p to 461p and Chelsea Village, the company owning Chelsea FC, gained 3p to 66p.

The clubs will certainly clinch a far more lucrative deal than the £60m a year they get from BSkyB. Around £200m a year is expected.

But the market is no longer content to merely evaluate what the television rights are likely to be worth. There is a growing suspicion that with the vast sums now involved the communication giants will, in the fullness of time, decide to

demand a place at any negotiating table by buying successful clubs. The possibility of clubs launching their own television operations is also in the background.

The rest of the market failed to hold its best levels and the FT-SE 100 index ended 6.9 points higher at 3,760.3p. The interest rate cut triggered a takeover mark-up which, with little follow-through, quickly ran out of steam.

RTZ, the minerals giant, fell 23.5p to 967.5p as the market fretted about the collapse of the copper price, and Ladbroke lost some of its takeover appeal, falling 5.5p to 186.5p. The betting and hotel group was hit by reports that Hilton Hotel Corporation, the US group seen as one of its most ardent suitors, had lashed out \$250m on the Bally Gaming casino group. Such a deal leaves HHC with precious little time - and cash - to buy



## MARKET REPORT

## DEREK PAIN

Stock market reporter of the year

Ladbroke. But it could pursue its dream of uniting Ladbroke's international spread of Hilton Hotels with the Hilton chain it owns in the US through a trading pact.

Zeneca, the drugs group, enjoyed another heavy run, up 16p at 1,379p, as takeover talk continued in swirl and Medeva jumped 30p to 261p on its £240m US acquisition.

British Airways climbed 11p to 549p following a bullish presentation at ABN Amro Hoare Govett National Power brightened 3.5p to 527p as stockbroker Greig Middleton said buy up to 600p.

Blenheim, the exhibitions group, soared another 42p to

451p as the market awaited the appearance of the signalled bidder and Johnston, a civil engineer, roared 105p to 478p as the acquisitive TT Group tendered for a 27.46 per cent stake at 500p. TT says the shareholding is a "strategic investment", which the market reads as platform for a bid.

Surrey Free Inns, earlier this week rumoured to be looking at the Tom Cobleigh pubs chain, jumped 36p to 268p, implying it could be on the receiving end of a bid. The shares have come up from 70p in the past year.

Amnux, with oil interests in the former Soviet Union, gained 5p to 64p as the In-

ternational Finance Corporation, an arm of the World Bank, agreed to pump in £4.2m at 60p a share and make loans up to \$30m for the second phase of Amnux's Kirtayel Field development.

Megalomedia, the Saatchi vehicle, fell 2p to 102p as £5m was raised through placing shares with Robert Fleming at 65p. Omnimedia, which has linked with Oracle in produce tools for video servers, gained 7p to 70p.

Mayflower Corporation's big US splash lifted the shares 12.5p to 129p and Firth, the steel group, continued to advance following its move into aircraft parts and stories that big contracts loom, gaining 3.5p to 68.5p.

European Telecom, a mobile telephone distributor, successfully dialled into the market - its shares reached 139p from a 115p placing. But a much more spectacular debut

occurred on Ofex, the fringe share market run by JP Jenkins. Skytel Corporation, placed at 27.5p, surged to 73p. The company is hoping to develop a system to provide information, rescue and safety services to mobile telephone users.

Recently another Ofex share, Motion Media, a video telephone business, made a dramatic debut, going from 67.5p to around 240p in a few days. It is now 200p.

European Colour, the pigments group, firmed to 78p after producing figures slightly below market expectations - a 55 per cent gain to £2.9m. Around £3.4m is expected this year.

The group continues to seek acquisitions - it is talking to six companies and has 130 on its shopping list. Wyndeham Press edged ahead 3p to 228p after a 45 per cent profit advance to £5.1m.

GGT, the old Gold Greenlees Trot, gained 18p to 238p, just below the 12 month high. Shares of the advertising agency have climbed from 169p in the past year and their recent strength is thought to herald takeover action.

The company is believed to be trading well and should have produced around £5.8m in the year ended April against £4.5m.

Questions are being asked about Real Time Controls, the computer group. Yesterday it, in effect, issued a profit warning, saying profits would be similar to last year's £1.7m. At least £2m had been expected. There is surprise the trading statement was not released on Friday when chief executive Brian Emerson quit. The shares, then 314p, fell a further 20p to 223p.

## TAKING STOCK

## Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: £ for rights x £5 dividend x £1 at a United Securities Market suspended up Partly Paid pm Nil Paid Shares. Source: FT Information

## The Independent Index

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## Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume
British Gas	400000	BSkyB	250000	Shell & Nephros	60000
BT	200000	ASDA Group	150000	British Telecom	60000
Lucas	100000	Ladbroke	90000	Anglo Group	60000
Amnux	60000	Medeva	50000	Shell & Nephros	60000
BT	60000	Cell & Wile	50000	Heron	50000

## FT-SE 100 index hour by hour

Open 37570 up 3.8	11.00 37637 up 10.3	14.00 37672 up 13.1
09.00 37568 up 3.2	12.00 37618 up 8.2	15.00 37707 up 17.3
10.00 37588 up 5.2	13.00 37634 up 10.0	16.00 37627 up 8.9
		Close 37603 up 6.9

## Telecommunications

British Telecom	60000	BT	60000
ASDA Group	150000	Anglo Group	60000
Ladbroke	90000	Shell & Nephros	60000
Medeva	50000	Shell & Nephros	60000
Cell & Wile	50000	Heron	50000

## Textiles &amp; Apparel

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Retailers, Food

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Retailers, General

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Support Services

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Rights Issues

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Recent Issues

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

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## Investment Companies

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Leisure &amp; Hotels

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Life Assurance

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Media

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Government Securities

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Short

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Medium

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Long

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Undated

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Chemicals

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Distributors

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Engineering

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Food Manufacturers

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Gas Distribution

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Health Care

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Household Goods

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Insurance

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000

## Investment Trusts

British Gas	400000	BSkyB	250000
BT	200000	ASDA Group	150000
Lucas	100000	Ladbroke	90000
Amnux	60000	Medeva	50000
BT	60000	Cell & Wile	50000























# Rejuvenated England seize the initiative

Photograph: Peter Jan

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